7130. Also, petition of citizens of the forty-first congressional district of New York, urging that aid be granted to the indigent people of Germany and Austria; to the Committee on Foreign Affairs.

7131. Also, petition of the National Protective Life Association, East Side Legion 899, favoring aid being extended to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7132. By Mr. McLAUGHLIN of Michigan: Petition of members of the Rural Letter Carriers' Association of Wexford County, Mich., favoring the adoption of House bill 13297 relative to the salaries and extra allowance for maintenance of equipment of rural carrriers; to the Committee on the Post Office and Post Roads.

7133. Also, petition of 94 citizens of Michigan, favoring the extension of aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7134. By Mr. NEWTON of Minnesota: Petition of Hall Hardware Co., of Minneapolis, and other residents of Minnesota, petitioning the Congress for removal of ammunition-tax provision from internal revenue act; to the Committee on Ways and Means.

SENATE.

THURSDAY, *February 1, 1923.*

(Legislative day of Monday, January 29, 1923.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE WASHINGTON RAILWAY & ELECTRIC CO.

Mr. BALL. Mr. President, the junior Senator from Tennessee [Mr. McKELLAR], in discussing an amendment to the District of Columbia appropriation bill a few days ago, made some statements relative to the Washington Railway & Electric Co. and their fares. I have a communication from the president of the company which I ask may be read.

The VICE PRESIDENT. The Secretary will report the communication.

The communication was read as follows:

WASHINGTON RAILWAY & ELECTRIC CO.,
Washington, D. C., January 29, 1923.

Hon. L. HEISLER BALL,
United States Senate, Washington, D. C.

MY DEAR SENATOR: With reference to the discussions that have recently taken place on the floor of the Senate with regard to 5-cent car fare and tickets at the rate of six for 25 cents, I thought you might be interested to know that our expenses within the District of Columbia, without any interest charges or return upon investment, amounted during the year 1922 to 6.26 cents per pay passenger, divided as follows:

	Cents.
Maintenance way and structures	1.35
Maintenance equipment	.73
Power	.57
Conducting transportation	2.33
General and miscellaneous	.78
Taxes	.47
Miscellaneous items	.03
Total	6.26

With an 8-cent fare and tickets at the rate of six for 40 cents, the average fare per pay passenger is slightly less than 7 cents, leaving, as you see, a very small margin for return upon investment, and, of course, establishing beyond peradventure that any reduction in fare under existing conditions is out of the question, much less a return to the pre-war rates of fare. Wages, coal, and substantially all materials and supplies cost us about 100 per cent more than before the war.

Noting that the Senators from Tennessee and Alabama have been outspoken in their criticism of existing conditions, you might be interested to know that in the four largest cities in Tennessee and the two largest in Alabama the fares are as follows:

TENNESSEE.

Nashville: Fare, 7 cents straight; wages, 38 cents to 48 cents per hour.

Memphis: Fare, 7 cents straight; wages, 38 to 48 cents per hour.

Chattanooga: Fare, 7 cents straight; wages, 41 cents to 46 cents per hour.

Knoxville: Fare, 6 cents straight; wages 41 to 47 cents per hour.

WASHINGTON.

Fare, 8 cents straight, six tokens for 40 cents; wages, 51 cents to 61 cents per hour.

ALABAMA.

Birmingham: Fare, 8 cents cash, 15 tickets $1, transfer charge 2 cents; wages, 40 cents to 50 cents per hour.

Mobile: Fare, 8 cents cash, ticket rate 7 cents, transfer charge 1 cent; wages, 39 cents to 46 cents per hour.

All of the above cities have overhead trolley construction, whereas we have underground construction, which, as you know, costs two or three times as much to construct and maintain, and besides have a wage scale for trainmen from 51 cents to 56 cents per hour.

I am also taking the liberty of forwarding you a copy of our report to stockholders for the year 1922.

Would like to ask if you think any other Senators would be interested in receiving the above information or report?

Sincerely yours,

W. F. HAM, *President.*

DEPARTMENTAL USE OF AUTOMOBILES.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Navy, in response to Senate Resolution 399, agreed to January 6, 1923, reporting relative to the number and cost of maintenance of passenger-carrying automobiles in use by the Navy Department and the Marine Corps, which was ordered to lie on the table.

WASHINGTON GAS LIGHT CO.

The VICE PRESIDENT laid before the Senate a communication from the vice president of the Washington Gas Light Co., transmitting, pursuant to law, a detailed statement of the business of the company for the year ended December 31, 1922, together with a list of its stockholders, which was referred to the Committee on the District of Columbia.

POTOMAC ELECTRIC POWER CO.

The VICE PRESIDENT laid before the Senate a communication from the president of the Potomac Electric Power Co., transmitting, pursuant to law, the report of the company for the year ended December 31, 1922, which was referred to the Committee on the District of Columbia.

WASHINGTON RAILWAY & ELECTRIC CO.

The VICE PRESIDENT laid before the Senate a communication from the president of the Washington Railway & Electric Co., transmitting, pursuant to law, the report of the company for the year ended December 31, 1922, which was referred to the Committee on the District of Columbia.

WASHINGTON INTERURBAN RAILROAD CO.

The VICE PRESIDENT laid before the Senate a communication from the president of the Washington Interurban Railroad Co., transmitting, pursuant to law, the report of the company for the year ended December 31, 1922, which was referred to the Committee on the District of Columbia.

CITY & SUBURBAN RAILWAY OF WASHINGTON.

The VICE PRESIDENT laid before the Senate a communication from the president of the City & Suburban Railway of Washington, transmitting, pursuant to law, the report of the company for the year ended December 31, 1922, which was referred to the Committee on the District of Columbia.

GEORGETOWN & TENNALLYTOWN RAILWAY CO.

The VICE PRESIDENT laid before the Senate a communication from the president of the Georgetown & Tennallytown Railway Co., transmitting, pursuant to law, the report of the company for the year ended December 31, 1922, which was referred to the Committee on the District of Columbia.

WASHINGTON & OLD DOMINION RAILWAY.

The VICE PRESIDENT laid before the Senate a communication from the president of the Washington & Old Dominion Railway, stating that the annual report, as required by law, of the railway for the year 1922 is delayed owing to the illness of the treasurer, but that it will be submitted at the earliest possible moment, which was referred to the Committee on the District of Columbia.

PETITIONS.

Mr. ROBINSON presented petitions of sundry citizens of Scranton, Coal Hill, and Hartman, all in the State of Arkansas, praying for the passage of legislation extending immediate aid to the famine-stricken peoples of the German and Austrian Republics, which were referred to the Committee on Appropriations.

Mr. NELSON presented a resolution of the Parent-Teacher Association of the school of East Lake, Ga., favoring an amendment to the Constitution regulating child labor, which was referred to the Committee on the Judiciary.

ELEPHANT BUTTE IRRIGATION DISTRICT.

Mr. McNARY, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 4232) authorizing the Secretary of the Interior to enter into a contract with the Elephant Butte irrigation district of New Mexico and the El Paso County improvement district No. 1 of Texas for the carrying out of the provisions of the convention between the United States and Mexico, proclaimed January 16, 1907, and providing compensation therefor, reported it with amendments and submitted a report (No. 1080) thereon.

ACCOUNTS OF ARMY DISBURSING OFFICERS.

Mr. WADSWORTH. The bill (H. R. 11528) to allow credits in the accounts of certain disbursing officers of the Army of the United States has been referred to the Committee on Mili-

tary Affairs. I think the unbroken custom of the Senate has been that a bill of this character should be referred to the Committee on Claims. I therefore, out of order, ask unanimous consent that the Committee on Military Affairs be discharged from the further consideration of the bill and that it be referred to the Committee on Claims.

The PRESIDING OFFICER (Mr. BROOKHART in the chair). Without objection, it is so ordered.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on January 31, 1923, they presented to the President of the United States the following enrolled bills and joint resolutions:

S. 472. An act for the relief of William B. Lancaster;

S. 841. An act for the relief of Elizabeth Marsh Watkins;

S. 1690. An act to correct the naval record of John Sullivan;

S. 1945. An act to reimburse the Navajo Timber Co., of Delaware, for a deposit made to cover the purchase of timber;

S. 2210. An act for the relief of Lucy Paradis;

S. 2556. An act for the relief of Edwin Gantner;

S. 2719. An act to reimburse certain persons for loss of private funds while they were patients at the United States Naval Hospital, Naval Operating Base, Hampton Roads, Va.;

S. 4309. An act to amend an act entitled "An act to amend an act entitled 'An act to provide a government for the Territory of Hawaii,' approved April 30, 1900, as amended, to establish a Hawaiian homes commission, granting certain powers to the board of harbor commissioners of the Territory of Hawaii, and for other purposes," approved July 9, 1921;

S. J. Res. 12. Joint resolution authorizing the President to require the United States Sugar Equalization Board (Inc.) to take over and dispose of 13,902 tons of sugar imported from the Argentine Republic; and

S. J. Res. 79. Joint resolution authorizing the President to require the United States Sugar Equalization Board (Inc.) to take over and dispose of 5,000 tons of sugar imported from the Argentine Republic.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 4455) granting an increase of pension to Mary L. Grovenor (with accompanying papers); to the Committee on Pensions.

By Mr. SHIELDS:

A bill (S. 4456) to provide for the establishment and maintenance of a forest experiment station in cooperation with the University of Tennessee, Knoxville, Tenn.; to the Committee on Agriculture and Forestry.

By Mr. RANSDELL:

A bill (S. 4457) for the relief of Joseph William Hanley; to the Committee on Claims.

By Mr. FRELINGHUYSEN:

A bill (S. 4458) for the relief of Joy Bright Little; to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 4459) for the relief of Allan MacRossie, jr.; to the Committee on Claims.

By Mr. NORRIS:

A bill (S. 4460) for the relief of Moses Y. Starbuck; to the Committee on Civil Service.

By Mr. McKINLEY:

A bill (S. 4461) authorizing a preliminary examination of the Illinois River; and

A bill (S. 4462) to continue the improvement of the Mississippi River and for the control of its floods; to the Committee on Commerce.

By Mr. SPENCER:

A bill (S. 4463) to authorize the erection of a memorial monument or fountain as a gift to the people of the United States by the Henry B. F. Macfarland Memorial Committee; to the Committee on the Library.

JURISDICTION OF THE COURT OF CLAIMS.

Mr. SHIELDS submitted an amendment intended to be proposed by him to the bill (S. 2228) to amend certain sections of the Judicial Code relating to the Court of Claims, which was ordered to lie on the table and to be printed.

RURAL-CREDIT FACILITIES.

Mr. HARRIS, Mr. SMITH, and Mr. ROBINSON submitted amendments intended to be proposed by them to the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States, to amend the Federal farm loan act, to amend the Federal reserve act, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. TRAMMELL submitted two amendments intended to be proposed by him to the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States, to amend the Federal farm loan act, to amend the Federal reserve act, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENTS TO WAR DEPARTMENT APPROPRIATION BILL.

Mr. STERLING submitted an amendment proposing to strike from the bill the additional proviso that hereafter civilians employed in the hostess and library services and paid from the appropriation for military post exchanges may be appointed by the Secretary of War without reference to civil-service rules and regulations, intended to be proposed by him to House bill 13793, the War Department appropriation bill, which was ordered to lie on the table and to be printed.

Mr. SPENCER submitted an amendment providing that hereafter the Engineer officer in charge of public buildings and grounds shall, during the term of his office, have the rank, pay, and allowance of a brigadier general, intended to be proposed by him to House bill 13793, the War Department appropriation bill, which was ordered to lie on the table and to be printed.

RATES OF TAXATION ON EARNED AND UNEARNED INCOME.

Mr. HARRIS. Mr. President, when the revenue bill was before the Senate I offered an amendment providing a difference in the rate of taxation on earned and unearned incomes. A man who labors to earn an income which barely supports his family should not be taxed as much as one whose income is from bonds and rents and who does not have to labor. I desire to place in the RECORD at this time a letter from the committee of manufacturers and merchants on Federal taxation in regard to the matter.

I want to quote Theodore Roosevelt, who, in the Century Magazine of October, 1913, said:

> We believe in a heavily graded income tax that discriminates sharply in favor of the earned as compared with the unearned incomes.

William G. McAdoo, Secretary of the Treasury at the time the income tax law was put into force, said:

> The time has arrived when earned incomes should be distinguished from the unearned and taxed at a lower rate.

I realize we can do nothing about the matter at this session, but at the next session of Congress I shall offer some measure of relief in the hope that something may be done.

I ask that the letter to which I have referred may be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE OF MANUFACTURERS AND MERCHANTS ON FEDERAL TAXATION (INC.),
Chicago.

QUESTION: SHOULD EARNED INCOMES BE TAXED AT THE SAME RATE AS UNEARNED INCOMES?

DEAR SENATOR HARRIS: This organization believes that the time has come when, in addition to the graduated feature of our present income tax, a distinction must be made between incomes that are earned and incomes that are unearned, and the earned incomes taxed at a lower rate than the unearned.

We believe that unless this is done the whole industrial organism will eventually go on the rocks.

It is now clear that our present income tax, which makes no distinction between the two kinds of incomes, but which taxes both earned and unearned at the same rate, produces three very grave results:

(1) It penalizes the "producers" and rewards the "nonproducers."

(2) It subtracts from the purchasing power of the large majority, decreases the market and cripples business and industry.

(3) It tends to concentrate wealth instead of distributing it.

That the income tax law as it now stands penalizes the "producers" and rewards the "nonproducers" is clear, because it taxes the earnings of the farmer, the earnings of the laborer, the earnings of the merchant, manufacturer, lumberman, mine operator, and professional man—in short, the earnings of all "workers," dollar for dollar, as heavily as it taxes the incomes of those who render no service in return—such as the receivers of our ever-increasing rents of ground, annuities, royalties of natural resources, and interest on stocks and bonds based upon the rich gifts of nature.

That our present income tax also cripples business and industry is evident, because, falling heavily as it does upon all laboring, agricultural, commercial, industrial, and professional classes, it cuts down the purchasing power of the vast majority of our consumers and thereby diminishes the market for all goods produced.

Finally, that our present income tax tends to concentrate wealth instead of distributing it is true, because its effect is to impoverish those who are already poor and to enrich still more those who are already rich.

Earned incomes are not the basis of "big fortunes"; the unearned incomes are. By overtaxing our farming, lumbering, mining, merchandizing, manufacturing, and professional classes, therefore, the

present law tends to discourage production and to cut down still further the already insufficient incomes of these various classes.

On the other hand, by undertaxing the beneficiaries of monopoly and special privilege—the receivers of ground rents, royalties, and interest on stocks and bonds based upon the free gifts of nature, the present law tends to foster monopoly, stimulate the spread of vast estates, and add still more to the overgrown fortunes of a favored few.

We repeat, therefore, the time has come when, in our opinion, the present income tax law should be so amended as to distinguish between incomes that are earned and incomes that are unearned, and the earned incomes taxed at a very substantially lower rate than the unearned.

We believe that this is not only desirable but absolutely necessary if social and economic prosperity is to continue.

We believe that such an amendment will furnish both directly and indirectly an immense relief to the now overburdened agricultural, laboring, business, and professional classes of the Nation, and, moreover, that it will meet with the overwhelming approval of the American electorate.

Will you be so kind as to let us hear from you on the attached sheet whether or not you are in harmony with the idea expressed above? Self-addressed and stamped envelope is inclosed for your convenience.

Very cordially yours,

COMMITTEE OF MANUFACTURERS AND MERCHANTS ON FEDERAL TAXATION (INC.).
OTTO CULLMAN, *Chairman.*

—

Theodore Roosevelt says (Century Magazine, October, 1913): "We believe in a heavily graded income tax that discriminates sharply in favor of the earned as compared with the unearned incomes."

—

William G. McAdoo says (speech at Newton, Kans., 1921): "The time has arrived when earned incomes should be distinguished from the unearned and taxed at a lower rate."

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed the bill (S. 4390) to amend the last paragraph of section 10 of the Federal reserve act, as amended by the act of June 3, 1922, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 12368. An act to abolish the inspection districts of Apalachicola, Fla., and Burlington, Vt., and the office of one supervising inspector, Steamboat Inspection Service; and

H. R. 13773. An act to amend an act to regulate radio communication, approved August 13, 1912, and for other purposes.

HOUSE BILL REFERRED.

The bill (H. R. 12368) to abolish the inspection districts of Apalachicola, Fla., and Burlington, Vt., and the office of one supervising inspector, Steamboat Inspection Service, was read twice by its title and referred to the Committee on Commerce.

RURAL-CREDIT FACILITIES.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States, to amend the Federal farm loan act, to amend the Federal reserve act, and for other purposes.

Mr. McCUMBER. Mr. President, I shall vote for this bill, because I believe that in some sections of the country by giving to agricultural paper a greater degree of liquidity it will assist some few would-be borrowers.

But I do not want my vote to be taken as an indication that I have any confidence that the bill will materially help those agricultural sections that most badly need help. And who are they who need the assisting arm of the Government to-day? The cotton grower is receiving a price for his cotton very much above the pre-war value. The corn raiser is receiving a good price for his corn. No one can complain of the price received for wool, sheep, cattle, or hogs. The main trouble that is besetting these classes which I have mentioned to-day is the heavy increase in the cost of labor in production and the still greater increase in the cost of the land on which the crops are produced and the cattle fed. The greatest sufferers, however, of the agricultural class are those whose location or situation compels them to continue the raising of wheat, oats, barley, rye, and similar small grains. The prices received by the producers of these crops are less than pre-war prices, while the cost of production and transportation has more than doubled, and the taxes levied upon producing lands have trebled.

Under the impetus of war values for farm products the prices of all lands soared to the skies. Farms were sold and resold at inflated values and mortgages given for the purchase price. To-day the product, after paying the cost of producing, will not pay the interest on the investment. The farmer cries out against this. We answer, "We will make it easier for you to borrow money." He replies, "What is the use of my borrowing when my crop will not pay the interest on what I now owe?" That is the real situation in my State, and I think generally in the Northwest. That is also true in many other sections of the country. There is money enough in my State to-day to take care of all the borrowing demand provided the farmers can give safe security.

I have here a statement of the condition of a small bank in that section of the country where there have been several crop failures. It is a small bank, and it is to the proportion of deposits carried to the amount of loans made that I especially call attention. I notice that the individual deposits are $133,749.43; time-certificate deposits are $70,295.92, making a total of $204,044.35.

Now, turning to the resource side of the ledger we find: Loans and discounts, $87,327; other stocks and bonds, $16,866.24, or a total investment of $104,193.66 in the shape of loans and stocks and bonds owned.

In other words, the loanable fund of the bank is just double what is actually loaned out. The balance lies idle. What is the cause of this? Banks would like to have every cent they have in deposits, within the line of reasonable safety, to be employed. It is not employed in this case because either there is no demand or else there is no safe farm paper that can be secured; and what I mean by "safe" is paper that will be paid when it becomes due.

That there is no safe farm paper can be shown from another statement which I received from the same section from a splendid farmer, a hard worker, honest and conscientious. He owns a half section of land, on which there is a mortgage of only $2,500. This statement shows, although he has not paid any interest on this mortgage since 1918, sometimes on account of failure of crop, that even this year with a full crop he is unable to pay any interest on his mortgage. This may be interesting to those who want to know the real condition of the farmer, for whom we are to legislate. He had to purchase seed for his crop, and the following are the main items of his expenses:

Seed rye	$100.00
Seed wheat	275.00
Interest on notes given therefor	25.00
Twine	60.00
Hauling grain	55.00
Binder extras	23.85
Threshing	397.88
Taxes	469.00
Total	1,405.73

He reserved for seed wheat 300 bushels; for seed rye 100 bushels. The balance of the wheat which he raised, 1,342 bushels, he sold for 82 cents per bushel, receiving $1,100.41. The balance of the rye, 1,012 bushels, he sold for 46 cents per bushel, receiving $465.62. The total received was $1,562.95. His principal items of expense totaled $1,405.73, which left a balance of $160.20.

Now, this balance must pay for the grocery bills, doctor bills, and clothing for quite a large family for a whole year, and yet he has not paid one penny on the interest on his mortgage indebtedness.

Now, when this good farmer shows such a condition when he raised a fair crop, is it any wonder that the banker must say to him: "I can't see how you can make ends meet." Is it any wonder that this farmer says: "I don't want to borrow any money; I have borrowed all I can afford to borrow. What I want is a price for my product that will enable me to pay these enormous expenses." This bill, Mr. President, will not help that farmer any; no other bill before the Congress is going to help him.

The other day, in a somewhat more lengthy address, I presented what I believe to be the farmer's remedy, and his only remedy. I diagnosed the cause of his trouble. The value of his products, although much increased in some lines above pre-war prices, when the value of his land is taken into consideration, the added taxes, and the enormous added cost of labor, is disjointed and not properly related in reference to the prices which he must pay for the commodities which he purchases.

Mr. President, on a building being erected in Philadelphia, which I think was finished a short time ago, I am informed that plasterers received $33 a day. Allowing 300 days for a working year, that would amount to $9,900 per year. While this, of course, is above the normal, nevertheless the wages range from $16 to $24 per day in our great cities for this kind of labor. Now, all kinds of business is done, not under the open sky, but in buildings. Products are manufactured in buildings. People must live in homes or in the stalls of apartment houses. On account of excessive prices of real estate in the cities, nearly all of these buildings are

erected on foundations of gold. The public must pay the price in rentals. The clerk, the great mass of human beings in the country who must earn their daily bread, are being ground to death because of the combinations of labor on one hand and of capital on the other. Whenever we have had a great railway strike, the question has never presented itself, What ought the public to pay for freight, but how much can the public still stand and live? Wages have been increased and freights have been increased with no consideration except for the interests of the railroad operators on one hand and railway employees on the other. The public that must pay the freight have never been given a fair hearing. I recall that in the coal strike during President Roosevelt's administration the striking miners insisted that there was nothing whatever to prevent the operators from paying the additional demand of the strikers. They stated that a mere additional charge of 50 cents per ton would fully compensate the operators for the added cost of production. The coal strike was settled along that basis. Many subsequent strikes have taken place and each time have been settled upon the same basis, until to-day we are paying $18 per ton for coal that is scarcely fit to burn in our furnaces.

Learned Senators tell us the remedy is a coalition between the farmer and the laborer. I can imagine the response the farmer would receive if the price of his product was raised to correspond with the added cost of our city labor.

Mr. President, there is just one remedy. The remedy is in the hands of the farmer, if he only knew how to organize and how to make use of it. He does not know how to go about doing it. The field seems too varied and too large for him. What he needs is some kind of a nation-wide law under which he can begin and consummate his organization. That nation-wide law should be a law providing for cooperative selling. Now, mere cooperative selling will not alone meet the farmer's requirements. Back of the power to cooperate in selling his products, back of the joint selling of his product, must be the power to cooperate in the joint holding of his product until he can get his own price for it. He must meet force with force. He must meet all of the combinations against his interest with a combination for his interest. He must say to the laborers who want his assistance, and whose compensation is from $8 to $30 a day, and which added compensation increases the cost of everything on earth he purchases, "You can not have a bushel of my wheat, a pound of my beef, a bale of my cotton, until you are willing to pay me a sum that will allow me a compensation that will equal your own, until I can live just as well as you live, until I can pay my debts and the interest on my mortgages."

Mr. President, I again call attention to the fact that there has been introduced such a bill for a comprehensive system of cooperative selling of all farm products, a bill that will allow the farmer to do just what all others have done—strike against the inequality, the wrong and injustice he has suffered, until that inequality has been righted. The remedy is in his own hands to a certain extent. We can assist him, however, in placing the remedy in his hands more effectively by enacting the right kind of a law. It is no answer to say that he can perfect that organization without any general law. He could have formed farmers' banks and rural-credits organizations without any general law, but he never formed them until we passed a law under which he could organize. He will never have a system of complete and satisfactory cooperative marketing and cooperative withholding of products from the market for a just and fair price until he has a general law under which he can operate. Congress can pass thousands of laws for rural credits, but they are not going to meet the situation—they will only scratch the surface.

The only other remedy that has been proposed here is that of the Government purchasing the farmer's products, but even that proposed remedy will fix no price for his commodities and will not overcome the law of supply and demand. In the end such a course would be far worse for the country as a whole than the disease from which we are now suffering. Cooperative selling and, above all, cooperative and combined withholding from the market alone can cure the evil from which agriculture is suffering.

That is the only plan which will equalize the great difference between the earning power, the wage power, the standard of living in the cities, and the low wage and the low standard of living in the rural districts.

Mr. BROOKHART. Mr. President, before the Senator takes his seat will he permit me to ask him a question?

Mr. McCUMBER. Certainly.

Mr. BROOKHART. I think the Senator has stated quite fairly the situation of the farmer; but he leaves the intimation that the laboring man is getting about $9,900 a year, because some plasterer or persons engaged in other forms of labor receive $33 a day in Philadelphia. Is that a fair illustration of the condition of the laboring man at this time?

Mr. McCUMBER. No; I said that it was not; but I stated that the cost of labor engaged in the construction of buildings is enormous as compared with other kinds of labor, and that these extremely high wages are responsible for high rents and high cost of production of the things which the farmer must purchase. In this city alone but a short time ago on a building being erected $24 a day was being paid to plasterers; in the city of New York the rate is over $16 a day; and in Chicago it is about the same. Those rates of wage are so disproportionate and increase the price of rents and everything that is produced and must be produced in those buildings to such an extent that it disjoints the proper relation between conditions in the country and those of the city.

Mr. BROOKHART. Has the Senator information as to how many days on an average a plasterer is able to work in the United States?

Mr. McCUMBER. In Washington, in this part of the country, he is able to work all the time. In the far northern States, in my section of the country, not very much plastering is done in the wintertime; but there are not any plasterers there. They are in the great cities, where they can receive these large, these excessive wages.

Mr. BROOKHART. The Senator has no accurate information as to what the actual average employment of plasterers is throughout the United States?

Mr. McCUMBER. I have no accurate information as to what it is in some sections. I say in the city of Washington it lasts the year round. That is true probably in the city of New York, in the city of Philadelphia, and in most of the States until you get into Minnesota and probably northern New York and the smaller States of the Union, where, instead of remaining in the wintertime, perhaps, many of them go to the larger cities.

Mr. BROOKHART. Yes; but I have been in Washington when the plasterers were all idle, too. Now, let me submit this proposition: We have just developed in the Standard Oil hearings that the Standard Oil Co. of Indiana, which had the biggest profits and the biggest stock dividends and everything else, paid its 13,000 employees who got less than $5,000 a year an average of $1,080 a year. Would the Senator consider that an excessive wage to be paid to those men?

Mr. McCUMBER. No, Mr. President; on the contrary, I am not discussing that class at all. I am discussing those that are connected with the building trades, whose high wages increase the cost of production of everything that is done inside of those buildings, and increase rents. Does not the Senator understand that when, in building a hotel here, $24 a day is paid for a plasterer, the guests of that hotel will have to pay the bill? The Senator understands that there are thousands of workers, thousands of girls and young men here in the city who are not receiving proper nourishment because they must pay out most of their salary for a little room in which they can shelter themselves from the cold. The wrong is against those breadwinners and every one of these people that the Senator is talking about. There is an improper correlation between the several classes of labor in the United States, whereby the great mass of the people are being held by the throat as between—and I stated this before—the combination of capital on the one side, and the combination of the building trades on the other side.

Mr. BROOKHART. I observed that the Senator included capital in that combination. I was glad to note that; but the Senator gave no instances to illustrate how much capital was taking as compared to labor.

Mr. McCUMBER. I have given those instances a great many times, and I have mentioned a great many times the fact that the farmer is suffering from a combination which has gradually increased the cost of producing everything that the farmer must purchase, while as a rule he is getting no additional price for the thing which they produce.

Mr. BROOKHART. To me, the unfair part of the Senator's proposition is that he does not deal in the averages of what labor is getting. On the whole, if he will look it up, I think in hardly any line, outside at least of the building line, would he even criticize the wages paid.

Mr. McCUMBER. No; on the contrary, I say that there is a great middle class—and I stated that to-day—of breadwinners, including other classes of laborers, and the American people are all breadwinners, who suffer from the excessive cost of buildings and consequent costs of houses and rentals. Many are merely clerks who are not receiving even

the wage the Senator mentions. They are laboring in and they have to live in the cities. They have to pay these big rents, and it is an awful imposition upon them. They are obliged to a great extent to live on canned goods, which they must purchase to save the expense of going to a restaurant and paying for meals there. It is an imposition upon them. What we most need in this country is a readjustment of wages and profits of all kinds to the end that every class, including our farmers, may have a just remuneration for his toil. At the present time the farmer is the great sufferer in this maladjustment of earnings, brought about by combinations which year after year has widened the breach between rural and urban populations, and, as I see it, the only remedy for the farmer is to meet combinations with countercombinations.

Mr. BROOKHART. The farmer does not stop at these high-priced hotels or these high-priced buildings.

Mr. McCUMBER. No, indeed; he does not.

Mr. BROOKHART. He stays away from them.

Mr. McCUMBER. Indeed, he does. He does not stop at them; but indirectly he suffers because of those high prices, because, in the general balancing of the scale, all of them must be paid by some one, and the burden always seems to be loaded upon the agricultural section of the country.

Mr. BROOKHART. The Senator mentioned the coal business; but the coal miners on an average do not get as much wages in a year as do the Standard Oil employees, and they have to live the year around.

Mr. McCUMBER. The earnings of the coal miners who have been striking, and who are laboring only three or four or five days out of a week, naturally are not as great as they would be if they were laboring for such a price that all the important mines could be opened up and produce and sell coal so that the rest of us could purchase it at a living price.

Mr. BROOKHART. But the plan of the operators is to keep enough miners on hand so that when the peak of the business comes they can fill the cars without storing or anything of that kind. The result is that during three or four months of the year they have employment for labor, and the rest of the time they get only two or three days' work a week, and the operators will only allow them two or three days' work.

Mr. McCUMBER. That is the reason why I have stated that the interest of the public has always been lost sight of. The question determined in each settlement is, How much can the operators make and how much can they pay employees and still maintain their profits? And so the public pays the bill, whatever it is. That seems to be the situation.

Mr. BROOKHART. One more proposition and I will desist. The joint commission of Congress found that the farmer gets only 37 cents out of the dollar that the laboring man pays for his product, and the laboring men claim that they get only 35 cents out of the dollar which the farmer pays for the products of labor. If those things are true, does it not indicate that the distribution both ways is what is taxing both labor and the farmer in the United States?

Mr. McCUMBER. That is true. There is not any question about the faultiness of our distribution system; but if I take the average retailer in the cities, outside of a few great department stores, I can not find that he is making any great profit. If you will look at the rents he has to pay, you will find that they are enormous. Take a man dealing in meat products. He has a little corner where he has to turn over his capital about three times a month to pay the rent alone. That is the trouble; it is these high rents, this high cost of living in the cities, that has been so disproportionate as compared with what the farmer receives for his product.

Mr. BROOKHART. Yes; but does not this exorbitant cost of distribution increase the expenses of the laboring man, and make higher wages necessary for him to live at all?

Mr. McCUMBER. Certainly; and so when one class of people get $30 a day for erecting a house, it means that every other laborer who must either buy or rent that house has to pay that extra rental, even though he may not receive for his labor a price that would justify such high rentals.

Mr. CARAWAY. Mr. President, I shall be very brief.

I have read the measure before the Senate, which is to be voted upon to-morrow. I am sure it will be helpful to agriculture. I do not think it has gone as far as the Congress might have gone to meet the situation. Inasmuch as the farmers have insisted, year in and year out, that they were entitled to some financial redress of grievances and that their credit system was not adapted to their needs, I had thought that when Congress should finally recognize that they were correct in this contention it would try to give the farmers the system that they, the farmers themselves, believe would meet their situation, unless the Congress should decide first that the farmers seek an unfair advantage over other classes of American citizens or else that the farmer is so ignorant that he does not know what it is that he needs. I feel certain that one or the other of those theories actuated the framers of this measure—that they thought the farmer asked more than he was entitled to receive or else that he was too ignorant to know what his needs are and what the remedy for those needs is. It is to be regretted that the framers of this legislation had not more knowledge of the farmer's needs and more sympathy with his wishes.

There are good features about the bill. It does not go, I take it, as far as the Congress could have gone and been absolutely fair to other classes of American citizens. I believe that the Congress will go further in the years that are to come; and hoping, at least, that that will be true, I shall vote for the measure when the opportunity is presented. There are some provisions of the measure that I wish particularly to commend, and I shall discuss those first, and offer one or two amendments later.

In the first place, I think the Congress did wisely to recognize that personal credits were as essential to agricultural production as land credits, and therefore that it is important to give the farmer these credits without weighting them down with taxation; in other words, to give him a tax-exempt evidence of indebtedness, so that he might procure reasonably cheap money. I am tempted to discuss that feature of the matter, Mr. President, because in to-day's paper is a renewal of the attack by the Secretary of the Treasury on tax-exempt bonds. It seems to be the idea of the Secretary, and evidently the idea of the administration, as recorded in a proposed constitutional amendment which passed the House recently, that you can create wealth by taxation; that if any resources escape taxes it diminishes the wealth of the country by reason of the fact that it is tax exempt. The argument is put forth, Mr. President, that certain wealth is escaping taxation; that if you could tax the credit of the State, the credit of the county, the credit of the municipality, you would create wealth. As strange as that idea seems, Mr. President, I am convinced that the Secretary of the Treasury, great financier though he be, entertained that view: That if you could lay your hands upon the credits of the States, counties, and municipalities, and all their activities, you could create wealth. The impression seems to exist that if a thing is taxed, if you can collect money from the people under a taxing scheme, the whole people are that much richer.

The proposed amendment to the Constitution, which, of course, has nothing to do with this measure except incidentally as it affects tax-exempt securities, was presented upon the theory that if you would permit the Federal Government to tax the credit of the State through all its various organizations, and in return give the State the right to tax securities of the United States, the people would be richer, when, as a matter of fact, everyone knows, and the Secretary of the Treasury ought to know as well as anyone else, that the Government has not a dollar of its own; that whatever it has within its keeping is what it has taken from somebody else; that it never created a dollar and can not create one; that wealth must be created by the brawn and sweat of individuals. Whatever the Government may have it must take from the people, and they have correspondingly less.

Strange to say, intelligent people, patriotic people, have been misled by this propaganda that has swept over the country that wealth is escaping taxation by reason of tax-exempt securities. Wealth does not escape taxation in that way. It finds much more profitable means of tax dodging. It is so elementary that anyone ought to be able to see that granting the State the right to tax Federal bonds would not produce any benefit to the State, because the very people who tax the Federal bonds must be taxed to raise the money to pay the increased interest which the Federal bonds draw. In other words, it is a taxation of one by himself for the benefit of himself, when all of us know that it costs considerable money to levy and collect a tax. Therefore, the man who enjoys this advantage which the Secretary this morning so insists on must tax himself for the privilege. He does not create a dollar. He can not be the richer by reason of the privilege, but must be the poorer by reason of the cost of assessing and collecting and distributing.

That feature of the bill which allows these banks to issue tax-exempt securities I heartily indorse. It would be a travesty not to have included that provision. I want to answer an insinuation which arose from a question asked by the Senator from Pennsylvania [Mr. REED] yesterday, when he wanted to know, in effect, what the farm bloc was and who were the members of the farm bloc and, incidentally, what a farmer is, for I think that was the question in the back of his mind. He was afraid some kind of legislation was about to slip through the Senate that would be of advantage to the farmer, when the

"steel" producers in Pennsylvania, however you may spell the word, did not share the larger returns.

To start with, these "farmers" who live in the cities might as well recognize now, as well as any other time, that eventually the farmer must sell his products for enough to meet the cost of production. They might as well know that the cost of production is enhanced by the rate of interest the farmer must pay for the credit he must have to enable him to produce. Therefore, whenever the farmer is finally compensated for the thing he produces, the cost of his credit must be added, and since everybody must eat, however his profits may be derived from some other occupation, everybody is concerned in the cost of production of the things we eat. Wherever, therefore, you cheapen the cost of production of farm products, it eventually will be reflected in the cheaper cost of living to all other classes of people. They thus obtain equal benefits with the farmer, because the benefit is distributed throughout the entire population through the diminishing of the cost of production of that thing which everybody must consume. Therefore, those Senators who feel so apprehensive that steel and railroads and special interests may be discriminated against by reason of some kind of legislation for the farmers may take heart and remember that if the farmers produce at less cost they will eat at less cost.

I want to suggest an amendment, and I shall later offer it. On page 6 of the measure, in the first paragraph, which commences on page 5, there is a provision that notes given for agricultural purposes are not subject to rediscount if the rate of interest is in excess of 1½ per cent. I suggest that there should be an amendment at that point providing that if a bonus or anything of value is given to procure the loan the paper shall not be subject to rediscount. It sometimes happens, where rates of interest are fixed, to require the borrower to pay a bonus in order to procure the loan. I imagine all of us are acquainted with the practice. I know I have, and very recently. Therefore, in order to make the bill do what the proponents of it wish, I should like to make it read that the paper shall not be subject to rediscount if the rate of interest is in excess of 1½ per cent of the prevailing rate of discount on commercial paper or if the banks have required a bonus from the borrower. Otherwise the provision of itself is without any effect.

Mr. LENROOT. Will the Senator yield?

Mr. CARAWAY. I yield.

Mr. LENROOT. I quite appreciate the point the Senator makes. I want to call his attention, however, to the difficulty in the administration of the bill in the form in which he presents it. It would prohibit any land bank from making any discount if there be any bonus or commission; but how is that to be determined? Those things are always secret, as the Senator knows.

Mr. CARAWAY. I concede the difficulty. In many cases it might be impossible ever to ascertain that fact.

Mr. LENROOT. The point is that, it being impossible to ascertain it, in order to be sure that they would not violate the law the banks would refuse to discount in many cases where they wanted to. I want to make this suggestion to the Senator, which occurred to me yesterday in thinking this over, that it would be feasible, I think, to require that no discount should be made unless there should be an affidavit accompanying the application.

Mr. CARAWAY. I should not object to that.

Mr. LENROOT. If the Senator will prepare his amendment in that form, I shall have no criticism of it; but I think the Senator sees the point.

Mr. CARAWAY. I see the Senator's position. I was not aware that the Senator was in the Chamber, and I wish to call his attention to another provision which I should like to have him consider.

Mr. SMITH. Before the Senator calls attention to that; he spoke a moment ago of 1½ per cent. He means 1½ per cent in excess of the rate fixed.

Mr. CARAWAY. Yes. I realize that my statement was rather a loose way of expressing the idea I had in mind.

Mr. SMITH. Those who were trying to follow the Senator might get the impression——

Mr. CARAWAY. That the rate of interest was 1½ per cent?

Mr. SMITH. Yes.

Mr. CARAWAY. May I call the attention of the Senator from Wisconsin to a provision on page 7, in the second paragraph, where it reads:

> If at any time the capital stock provided for in the first paragraph of this section shall be found by the Federal Farm Loan Board to be insufficient to enable any farm credits department in a Federal land bank to meet the credit needs of the agricultural and livestock industries in its district, intended to be served by the facilities provided under Title II of this act, such capital shall, upon application of the Federal Farm Loan Board, if approved by the President of the United States, be increased by an amount not to exceed $5,000,000.

The thing I had in mind was this, that under the provisions of the bill it seems that you must take into consideration the whole system—the 12 regional banks. It might be that in New England, we will say, there is not much demand for these farm credits, while in Wisconsin or Minnesota or down in my section of the country there might be great demand. That being true as between the two, there might be no demand for an increase of capital. What I would like to see, if possible, is the insertion of a provision to enable the President to increase the capital stock of the bank in the particular region where it might be required, without being required to increase the capital stock of a regional bank where there was no demand for an increase of credits.

Mr. LENROOT. Is not that what the bill does now?

Mr. CARAWAY. I am a little bit doubtful about it.

Mr. LENROOT. That is certainly the intention. If there is any question about it, I should be very glad to have it cleared up.

Mr. CARAWAY. The intention was to make that possible?

Mr. LENROOT. Yes.

Mr. CARAWAY. I am glad to know that. I thought there was some doubt about it.

Mr. LENROOT. That is the intention. There may be one district where $5,000,000 is ample, and another district where it is not, and it may be increased in the one district.

Mr. CARAWAY. Without the President being compelled to increase in the other. That was the idea I had in mind.

Mr. LENROOT. It is clear, I think.

Mr. CARAWAY. I thought the language was not clear on that point. These are the only amendments I intended to suggest.

I shall now discuss briefly the amendment suggested on yesterday by the Senator from South Carolina [Mr. SMITH] with reference to increasing the length of time commodity paper might be rediscounted in the Federal reserve system. The law now provides that it may be rediscounted up to six months. The amendment, as it appears in the bill, purposes to make it nine months. The amendment suggested by the Senator from South Carolina was to change it from 9 months to 12 months. I wanted, by a simple statement, to support the suggested amendment of the Senator from South Carolina.

I am not as familiar with the growing of grain and the livestock industry as most Senators who had to do with the framing of this measure, I dare say. I am very familiar, in a modest way, with the production of cotton and its marketing. To give us a nine months' credit is to deny us credit altogether. It does not do one much good to have a credit extended to him to produce something and have it withdrawn before he can market it. In other words, it frequently happens that it is an invitation to ruin. If you give a man credit to produce an article and demand payment of the obligation before he may market that product in an orderly way, you invite his destruction.

It can not hurt anyone; it will help many; and therefore I hope the amendment of the Senator from South Carolina increasing the time from 9 months to 12 months will be adopted.

Mr. TRAMMELL. Mr. President, I present two amendments to the pending measure, which I ask may be printed and lie on the table.

The PRESIDING OFFICER (Mr. ODDIE in the chair). The amendments will be received, printed, and lie on the table.

Mr. FLETCHER. Mr. President, referring to the bill under consideration and to some of the suggested amendments, I desire to submit a few observations. I shall begin with reference to the amendment offered by the Senator from Iowa [Mr. BROOKHART].

His amendment involves a very considerable undertaking. He offers an amendment which means the establishment of a system of cooperative banks. Now, I have always been a sincere friend of the cooperative idea. I believe in it fully, especially with reference to marketing and, so far as possible, cooperation in the matter of acquiring supplies, and purposes of that kind; for instance, as cooperative societies for the purchase of fertilizer and machinery. But I have never had occasion to work out any plan in my own mind looking to a financial scheme based upon that principle.

My disposition is to be favorable to the idea, but I regret that the Senator from Iowa did not offer the matter before we reached this stage in the consideration of the bill. I wish it might have been feasible for him to have proposed it earlier in the session, so as to have it take its usual course by being referred either to the Committee on Agriculture and Forestry or to the Committee on Banking and Currency or to some

committee which would have given careful consideration to it, had hearings upon it, thoroughly investigated the whole subject, and had expert advice also as to the phraseology and the language to be employed to meet the views intended to be carried into execution by the proposed legislation.

Up to this time I have not had the opportunity to consider thoroughly all the details of the proposed amendment and to arrive at a conclusion as to whether it would be wise to support it as an amendment to the pending bill or not. As I said, my inclination would be to favor the idea, and if the matter assumed shape so that we could be fully confident that it would accomplish what the intention and purpose apparently is, I might support it. But we might make a very serious mistake.

The whole matter of banking is a delicate subject, as it is an important subject. It is rather technical in many of its details, especially when we attempt to express in statutory form the precise plan and system which we are endeavoring to put into effect. If we should undertake here to provide a scheme and a system that would prove to be unworkable, it would be a futile thing to do. If it should be workable and we found afterwards that it was not scientific and not economically sound in any respect, however much we might have endeavored to make it so, we would have committed an error and might thus do very great harm instead of good. I would be glad if we had a little more time and opportunity to consider thoroughly all the details of the proposal. I propose even yet to give further thought and study to it, so that when the time comes we may be able to vote more intelligently upon it.

Mr. BROOKHART. Mr. President——

Mr. FLETCHER. As it is now, I feel that we would be rather voting in the dark on the question, because I confess I do not quite thoroughly understand it, and I have not had the opportunity yet, up to this time, to digest it and work it out in my own mind. I yield to the Senator from Iowa.

Mr. BROOKHART. I will state to the Senator from Florida that the amendment interferes with none of the provisions of the present banking laws. On the contrary, it is safeguarded by the national banking act, which would protect this kind of an organization. It involves no new idea whatever except the cooperative idea.

Mr. FLETCHER. May I inquire of the Senator just how the cooperative idea is intended to be put into operation under his amendment?

Mr. BROOKHART. Under the national bank laws generally as they now exist, with the same supervision. All through the proposition it is to remain under the control of the national bank act. The national bank act is made applicable to this proposition.

Mr. LENROOT. What does the Senator from Iowa say about capitalization?

Mr. BROOKHART. The capitalization in the cooperative bank?

Mr. LENROOT. Yes.

Mr. BROOKHART. It often has no capital at all. The amendment which I have proposed provides for a capitalization with a minimum of $15,000.

Mr. LENROOT. That is contrary to the present banking law.

Mr. BROOKHART. It modifies it to that extent; but at every point where it is modified it is mentioned specifically in the amendment. The general law applies to it.

Mr. FLETCHER. I shall consider the matter further. I am not taking a position for or against it at present. I am simply referring in this general way to the subject, intending to convey the idea that it is a very important subject and one that is more or less technical and involves really what I would consider a very considerable task in framing precisely the language in order to establish a new plan of that sort, new in all important respects.

Now, with particular reference to the bill before us, I may be pardoned a personal allusion just to this extent. I do not claim to be a farmer. However, I grew up on a farm. I went through all the stages of farm work from the planting of the crops, harvesting the various crops, splitting rails, building fences, digging ditches, hauling, ginning, packing, and all the various activities with which the farmer has to do.

I was on a farm until I was 21 years of age, except the months I was at school. I began work on the farm when I was 6 years of age. I remember very distinctly the first work I undertook. In those days we had a man who would lay off a furrow for corn, and then we had a boy follow and drop the corn in the furrow. Then we had another man to cover it with a double-shovel plow, straddling the furrow behind the boy, covering the corn. As I said, beginning at that point I proceeded through all the toil and labor and struggle that the average farmer has to go through. Incidentally, I am satisfied this work, beginning as early as it did, never did me any harm. It may be this experience which preserves my calm and withholds my indignation when I hear repeated the alleged horrors of child labor. So I know something from actual experience about the farmer's difficulties, his tasks, and his returns. I know from actual observation respecting the neighbors and those engaged in agriculture in that portion of Georgia where I then lived. What I am saying is not based upon mere theory but what the actual conditions were as I found them and as I went through them.

I said then in those days that if the time ever came when I could be of any service to the farmers of the country, it would afford me the highest gratification to be able to render that service. I feel as sincerely that way to-day as I did when I was actually engaged in that occupation. I have always felt that way; not that I am opposed to any measure which looks to the general welfare of the entire people of the whole country; not that I am disposed to confine my energies solely to benefiting the farmers of the country; not that I am centering upon one particular industry in the effort to do what I can to serve the interests of that industry as against any other; but because I feel and have always felt that agriculture lies at the very foundation of all our prosperity, and that in order to build wisely and well we should first build the foundation secure and lasting and upon that foundation construct whatever we feel ought to be constructed for the whole country; in other words, not to begin to build at the top, not to put up a superstructure by legislative enactment or otherwise that will be founded upon sand or upon insecure and unsubstantial groundwork, but, beginning with the foundation, to build upon that foundation and proceed with the other developments. I conceive that to legislate to properly serve and promote a healthy, sound agriculture, upon which all people must depend for their food and their clothes, is the wise course to pursue. For that reason our primary concern is with this basic industry.

I believe that we can not revive business until we first revive agriculture. Therefore, it is important, it seems to me, to look first to this foundation; not, as I have said, sacrificing other things at all. In all the work which I have had to do and in all my relations with the farm bloc, if you please, I and they have never insisted that other things must be neglected or that other subjects be put to one side or that other measures of general good to the whole country must not be considered, but, on the other hand, we have cheerfully assisted in everything that was considered to be wise and proper and helpful, at the same time keeping in view the importance of this great industry.

The Senator from Pennsylvania [Mr. REED] on yesterday desired to know something about the membership of the farm bloc. I have not endeavored to keep in mind such details, but I find in the Congressional Digest of January, on page 112, a list of names which purports to be the membership of the farm bloc. Hence one reason for making the allusion I have as to my own experience is by way of showing, perhaps, some qualifications for membership in that cooperative effort on the part of certain Members of this body. However, I need not dwell upon that. Their work speaks for itself. Others have sought to claim credit for what that "bloc" accomplished in the last Congress in spite of their criticism and opposition.

Based upon my own observation and experience with reference to farming, I believe that one of the chief difficulties with which the farmer has to contend is that usually he is obliged in these days and has been all along to purchase the things he needs on time. That statement applies to the purchase of his supplies, beginning with his fertilizer and continuing clear through the year, even the supplies for his tenants and for all the labor. Everything that is needed on the farm, whether he actually works it himself or rents it out to others, to whom he must furnish the necessary supplies, including those essential to cultivating the farm and harvesting the crop and all that sort of thing, is ordinarily bought on time. That means he must pay for them 10, 15, and 25 per cent more than he would pay if he were able to buy them for cash. The problem then is to furnish facilities by which the farmer—and I am talking now particularly with reference to the small farmer—can have cash so that he may purchase on a cash basis what he needs throughout the year while cultivating and harvesting his crop and before putting it on the market, and thus save to him the enormous burden of time charges which extends through the whole of the 12 months while he is producing, harvesting, and marketing his crop.

I do not mean to say that the retail merchant profiteers at the expense of the farmer. The retail merchant when he sells on time must go without his money until the crop is ready for

market. When he furnishes supplies to the farmer he knows that his only chance of getting his money for them is from what the farmer produces from the soil, and he runs some risk of a crop failure, of breakdown somewhere, of mismanagement or losses or misfortunes, or what not, and he is without his money during this time. So he has to go to the bank and borrow money in order to finance his business. Therefore we can not properly find fault with the merchant for charging the borrower, under those circumstances, what might be called an extra high profit on the credits which he extends to the farmer. At the same time, that 10 or 15 or 25 or more per cent additional in the cost of everything the farmer must have in order to produce his crop is a tremendous burden to him.

I do not know of any industry in the country that could have stood the high interest rates and the high cost of all supplies pyramided by these charges for time credits except agriculture, and it has been depressed on that account.

The idea is—and that is one purpose intended to be reached by this bill, I think—to afford a facility whereby the farmer can get cash with which he may purchase his supplies and save the enormous expense which is attached to their cost now by reason of having to purchase upon time. Hence it seems to me important that we should in this bill somewhere and somehow limit the rate of interest which can be charged the borrower when he obtains accommodation through the Federal land bank.

The limitation now, as I see it, is simply the State rate of interest. The State rate of interest is more than the farmer ought to pay in these circumstances. The Federal land banks have been established to meet his needs in a broad and general way. They afford a system that is peculiarly adapted to the industry of agriculture, and by reason of the fact that the system is superintended by the Government through its proper officers and the securities supporting the bond issues are passed upon by Government agents and must be ample fully to protect the bond issues, which are exempt from all taxes, the farmer is benefited by the low rate of interest which the bonds bear. In the farm loan act we have provided that the borrower shall not be called upon to pay in excess of 1 per cent more than the rate of interest which the bonds bear, and we say that rate shall not exceed 5½ per cent, so that if the bonds, the proceeds of which are loaned to individual borrowers under the law, bear a rate of interest of 4½ per cent, then the borrower can not be called upon to pay more than 5½ per cent for the money which he obtains. That 1 per cent leeway was intended to cover the cost of administration; but, as a matter of fact, we find that the cost of administering the system is not over one-half of 1 per cent and, consequently, the farmer, when the bonds sell at a rate of 4½ per cent, ought to get his money at 5 per cent. We have so provided in the farm loan act which has reference to mortgage loans; but there is no provision in this bill limiting the rate of interest which the debentures shall bear.

The thought throughout this bill and the Capper bill, which we have passed, is that the State rate shall control and govern. The State rate is too high. It is proposed to provide here a system for the benefit of agriculture, for the benefit of those who produce the Nation's food, and it ought to afford them a rate of interest based on the securities which they offer which would be advantageous to them. We are not giving them any great advantage when we say that after the system shall be inaugurated they must still pay the same rate of interest which they would pay if they were to go now to any bank in the respective States and obtain accommodation.

Mr. SMITH. Mr. President——

Mr. FLETCHER. I yield to the Senator from South Carolina.

Mr. SMITH. Did I understand the Senator to say that the rate of interest that these bonds and debentures may bear is left to the exigencies of the public as they may bid on them?

Mr. FLETCHER. Precisely. No limitation as to the interest they shall bear is fixed in this bill; and I am going to propose an amendment—the Senator from Wisconsin does not appear to be here now—on page 4, line 8, after the word "Board," to strike out the period and insert the words "not exceeding 6 per cent per annum," so that if amended it will read:

> Rates of interest or discount charged by the Federal land banks upon such loans and discounts shall be subject to the approval of the Federal Farm Loan Board, not exceeding 6 per cent per annum.

Unless you do that, you have no limitation at all; and where does the farmer get any benefit from establishing a financial system here, issuing debentures under the supervision of the Government, with Government capital back of it—you are putting up $5,000,000 for each of these banks—and yet leaving these debentures wide open, to be offered at any rate of interest at which the Farm Loan Board may see fit to offer them, and require the borrower to pay not exceeding 1½ per cent more than the discount rate of the Federal land bank, as mentioned on page 6, without the consent of the Farm Loan Board. Suppose the debentures bear 7 per cent, where is there benefit to the borrowers of the proceeds? Where is there any special benefit to the farmer if he has to pay on the money which he obtains through this system, furnishing the security which he is obliged to furnish, the same rate of interest that the banks charge in their commercial transactions?

Mr. SMITH. Does not the Senator think 6 per cent is high?

Mr. FLETCHER. I grant that 6 per cent is high. I merely put it at that because if I made it less there would be more objection to it, possibly. As it is now, the rate may be anything within the usury laws of the State.

Mr. SMITH. Mr. President, I suggest to the Senator that as these bonds and debentures are made nontaxable, it seems to me they would be taken up readily at 5 per cent.

Mr. FLETCHER. I should think so. The farm-loan bonds are selling readily at 4½ per cent, and I see no reason why these debentures should not sell at 5 per cent; but, as I say, 6 per cent is merely suggested at this place as the rate of interest or discount charged by the bank. I think there ought to be some limitation there.

Mr. SMITH. The wording of the Senator's proposed amendment is that it shall not exceed 6 per cent.

Mr. FLETCHER. Yes; "not exceeding 6 per cent."

Upon some investigation it appears that 10 States now allow 12 per cent by contract, 23 States up to 10 per cent, and 33 States up to 8 per cent; so that in 10 States the rate might be as high as 12 per cent, and in 23 States as high as 10 per cent, and in 33 States as high as 8 per cent under this bill. I submit that if you are exempting from taxation these debentures and providing this system for the benefit, as you claim, of agriculture—and that is the purpose of it—then you are not benefiting the farmer unless you give him this accommodation at a rate of interest which he can reasonably meet; and I think you should set that out in the law, as we have done in the farm loan act. The farm loan act expressly provides that the banks shall not charge a borrower exceeding 1 per cent above the rate which the bonds bear; and here why not limit the rate at which these debentures shall be issued and then say that the farmer shall not pay over 1½ per cent—I think it ought to be 1 per cent instead of 1½—above the rediscount rate as provided on page 6 of the bill? That is the thing we are trying to reach here—the accommodation of the farmer upon terms and at a rate of interest which his industry will warrant and justify and can stand. If we do not accomplish that we have gotten nowhere under this system.

The fact is that the system is going to be cumbersome, no matter how it is administered. Its success is going to depend upon its administration. If these departments of the Federal land banks do not function properly, efficiently, and promptly, they will do no good at all to agriculture. The real need here is a local need. For instance, take the Columbia bank district, composed of North Carolina, South Carolina, Georgia, and Florida. A farmer needing this accommodation—personal loans—may live seven or eight hundred miles from the Columbia bank. He needs to borrow some money for the purpose of avoiding these excessive charges, as I have indicated, on supplies where otherwise he would have to buy them on time, and when he buys them he wants cash. This system is supposed to provide a means for his obtaining cash, so that he can go and purchase for cash these things that he needs to produce his crop. That is one of the purposes of it. Living seven or eight hundred miles away from the bank at Columbia, S. C., he has to make his application and send it up there to be considered, and they refer it down to an appraiser, and that appraiser is two or three weeks in getting around to look over the security. Two or three weeks more elapse before the application is considered by the bank, and perhaps two or three weeks more elapse before he hears from his application. That is not going to meet the situation at all. A farmer is not only engaged in toiling and struggling behind the dangerous end of a mule but he is engaged in a business. You must treat him somewhat as a business man, because his occupation is a business occupation in the broad sense of the term. He wants to know what accommodation he is going to get, and he wants to know it promptly. He can not afford to sit and wait for weeks and weeks and weeks for it to be decided whether or not he is to have any accommodation at all, and, if so, perhaps only a part of what he has applied for. He has to make his arrangements.

That is one great drawback to this whole scheme here. You have not arranged it so that he can have his needs promptly considered and so that the facilities will be adapted to the

local demand; and in the final analysis I do not believe you will find that this system is going to be of any vast benefit to the farmers of the country. Those living right in the vicinity of the bank, where they can have their matters looked after just as others might who go to the towns in the counties where they live and have their business attended to, will be accommodated, perhaps, to some extent; but in the case of the farmers living some distance from the bank, two or three hundred miles, from that to seven or eight hundred miles away, having to pass their applications on and have them referred and wait on appraisers and wait on this, that, and the other, the system is not going to be attractive or useful to them. They will want to go to the town near which they live, and go to their banker or their merchant, and know the same day what they are able to accomplish in the way of financial accommodations, or at least within a very few days; so that even under the most favorable circumstances, when this system is put in operation, what it will supply probably will be the communities immediately adjacent to the town or city in which the bank is located, and I am afraid they will not reach out to the wider areas extending some distance away from the location of the Federal land bank. In order to be efficacious it must meet those two prime necessities—promptness and adaptation to local needs.

It has been pointed out by the Secretary of the Treasury, in discussing this bill, that only a fraction of agricultural rediscounts could be handled, because there are only $60,000,000 provided as capital, with a possible addition of $60,000,000 more, whereas the indebtedness on farm property in the country amounts to $12,000,000,000; the mortgages outstanding now amount to $7,000,000,000, and the bank loans to farmers amounts to $3,750,000,000, and the private personal loans to farmers amount to $1,250,000,000; so that at most here you have a capital of $120,000,000 to endeavor to meet the urgent needs of the farmers. It is wholly inadequate, in the first place. It will, I hope, accomplish some good; but, as I see it, it will be beneficial mainly to those who will be immediately adjacent to and in touch with the Federal land banks. There are only 12 of those throughout the whole country, and there will be farmers living some distance away from them who, I think, will be very greatly disappointed when it comes to putting into operation the system provided in this bill.

There are other items in the bill to which I wanted to draw attention. The Senator from Wisconsin said that on page 7 he proposed to offer an amendment—I am not advised whether he has done so or not—dealing, as I understood, with the question of the meaning of the word "solely" where the bill says, "the surplus earnings of such department shall be applied solely to meet obligations and losses." I think that clause ought to be cleared up, so that it may be made perfectly plain that this capital can be used in financing the operation, in actually making the discount. There should be inserted after the word "solely" the words "to extend credit facilities as provided under Title II of this act and."

There are a few verbal changes which I will suggest as we go along, but at present I need not dwell upon them, since the Senator in charge of the bill does not seem to be present. I want, however, to insist that we must, in my judgment, in order to make this bill approach the benefit we are hoping to accomplish under it, fix some limit of the interest which these debentures shall bear.

I am inclined to think that the amendment which I have suggested on page 4 should be inserted so as to make it read:

Rates of interest or discount charged by the Federal land banks upon such loans and discounts shall be subject to the approval of the Federal Farm Loan Board, not exceeding 6 per cent per annum.

And on page 5, at the end of line 12, to insert, "not exceeding 5 per cent per annum," so as to read:

Rates of interest upon debentures and other such obligations issued under this subdivision shall, subject to the approval of the Federal Farm Loan Board, be fixed by the Federal land bank making the issue, not exceeding 5 per cent per annum.

That is the rate I had in mind in the discussion with the Senator from South Carolina, and I think that is where he intended to have the 5 per cent apply. In other words, the rates upon debentures should not exceed 5 per cent, and the rate of interest or discount should not exceed 6 per cent.

I will offer those amendments when they are in order, and submit them for the consideration of the Senate. That is all I care to say on the subject at this time.

PRICE OF COTTON AND FINANCIAL CONDITION OF FARMERS.

Mr. HEFLIN. Mr. President, I want to call to the attention of the Senate a report appearing in the Washington Post this morning from the Cotton Exchange of New York yesterday, where a bear raid was made upon the market and the price of cotton broke several dollars a bale. I read:

NEW YORK, January 31.—The market opened barely steady at a decline of 18 to 30 points in response to relatively easy Liverpool cables, reports of a less active demand for cotton goods in Manchester, unsettled foreign exchange rates, and nervousness over foreign political affairs.

Those are some of the reasons given for the break in the price of cotton yesterday. With the shortest cotton crop except one that we have produced in many, many years, with a cotton famine threatening the world by June of this year, when cotton may be bringing 50 cents a pound, and probably can not be obtained at all by July, these market manipulators are combining to hold the price down until the last pound of cotton is taken away from the producer, the man who invested his money and who toiled through the year 1922 to produce it, with some of his debts still hanging over him. They are manipulating the market so as to get the cotton away from him so that they can hold it until the price goes up to 35 cents, maybe 40 cents, and they will make $50 a bale. What good will it do the farmer to see cotton selling at 40 cents when he has been forced to throw his cotton upon the market at a price below the cost of production? That is what happened with more than half of the crop of 1922. More than half of the crop of last year has been disposed of at a price below the cost of production.

I am in receipt of a letter from the commissioner of agriculture of the State of Texas, the biggest cotton-growing State in the Union. He gives it as his judgment that it cost 26 cents a pound to produce the cotton crop of 1922. Think of that; two-thirds of the crop sold below that figure, and to-day the price is about 27½ cents a pound. The farmer is getting just $7.50 a bale more than it cost him to produce; he is making 5 bales where he used to make 15, and he has planted 40 acres where he used to plant 18, in the boll-weevil infected area. He has to cultivate more land, as the yield is smaller per acre than formerly. The cost of production is greater, and after he has gone through the year battling with the boll weevil, buying fertilizer to put on his land, paying a good price for labor, and all that, he comes up in the market place at the end of the year and recevies for his entire crop a price which yields him less than $50 profit on his one-horse cotton crop. Senators, the cotton farmers of the South can not continue this business under such conditions. They must have a living profit or they must go out of the business of producing cotton.

I want to read what a little cotton paper, called the Cotton Planter, published at Montgomery, Ala., has to say upon this subject. I read:

In August, 1918, cotton sold at 38.20 cents a pound, basis middling, in New York. This was at the rate of $191 a bale. But during the same month the same grade brought only 29.70, which is $148.50 a bale. The farmer who sold—who probably had to sell—on the day the latter price ruled lost exactly $42.50 on every bale.

In the next month—that is, September, 1918—the price again reached 38.20, and two months later was down to 27.75. In three months the difference in price amounted to $52.25 a bale.

The difference in this instance on 1 bale of cotton in three month's time was greater than the one-horse farmer of 1922 made as a profit on his whole crop of 5 bales. Was there ever such a dangerous and destructive fluctuation in a product? I read further:

The following February the same cotton was quoted at 25 cents flat and five months later at 36.60 cents. A bale worth $125 in February was worth $191 five months before and $183 five months later.

* * * * * * *

Middling cotton in New York was worth 14.10 cents a pound in February, 1917. That is $70.50 a bale. Six months later it was worth 27.85 cents, which is $139.25. The difference is $68.75.

Mr. President, Senators may notice that it lacked only $1.75 of being just exactly twice as much. I continue the reading:

In September, 1919, cotton sold for 28.45 cents—$142.25 a bale. In less than 30 days it sold for $192.75 a bale. Within another 30 days it sold for $201 a bale. Three months later it was worth only $187.55 a bale, and within 30 days was quoted at $216.25 a bale.

In July, 1920, when middling was officially quoted at 43.75, buyers were frantically offering 45 cents, which is $225 a bale. A month later nobody would buy when the price was 31.75, or $158.75 a bale. Thirty days more and it was quoted at 25.50, or $127.50; another month and it was 20.50, or $102.50; then next month it was 15.50, or $77.50, and three months later it was 11.20, or $56 a bale.

* * * * * * *

There is no excuse for such swings in price. No set of men in the world except the patient southern farmer, slow to change, would stand for it.

Where, pray, is the manufacturer who would run a plant producing a commodity which was likely to sell for $191 on one day and only $148.50 on another day during the same month, his cost of production being unchanged?

That is the situation the cotton farmer is up against. Now, I want to read other reasons for the break in the price of cotton yesterday.

Listen to this:

Reports of further good rains in the South were considered a factor on the decline.

Think of that! I want to bring these remarks I am making to-day to the attention of the Federal Trade Commission. The resolution we passed through this body yesterday has teeth in it. There is going to be an investigation, and in the speech I am now making I call upon every Member of this body from the cotton-growing States and every Member in the other branch of Congress from the cotton-growing States to make any suggestions that they think will help the Federal Trade Commission in the investigation of the conduct of the New York and New Orleans Cotton Exchanges. Certain things have got to stop. They must stop, or these exchanges are doomed. The cotton industry of the United States can not stand such fluctuations in prices. It can not stand such manipulation. It ought not to stand such manipulation, and it will not stand it.

Mr. President, something has got to be done to prevent losses to those who produce that which helps to clothe the world. The cotton speculators of the country, backed by certain spinners here and abroad, go in and bear the market and beat down the price when they are ready to buy a little of the raw material for the spinning interests. Then in a few days the price will go up again a little, and then when they get ready for another supply of cotton they go on the exchanges and put out a report that there has been rain in the cotton-producing section, and that is stated to be a reason for the break in the price of cotton three months before planting time. It is the most ridiculous thing I have every heard.

I want to comment briefly on rain. What a blessing it is. How helpful and indispensable it is. But the rain all over the Cotton Belt to-day does not amount to the popping of my finger in its effect upon the cotton crop of this year which will be planted in April and early in May. We do not begin to plant cotton until April, and they are solemnly talking about showers in the Cotton Belt being reasons for breaking the price of cotton already in existence, using the fact that there has been rain in the South as an excuse for breaking down the price of the farmer's product. It is very ridiculous. Think of rain in January being an excuse for breaking the price of cotton already in existence. These are some of the flimsy excuses that are given out by speculators as to why the price should go down. The business of the cotton producer must be delivered from such a situation. If they will not comply with the law, they must be closed.

Listen to this one:

Liverpool also reported southern hedge selling during the day.

Now, what do you think of that, Senators? Liverpool, England, reporting to New York that there was hedge selling in Alabama, South Carolina, and Texas. Is it not strange that in New York somebody could not have said that the news came there that there was hedge selling in the South? Why go such a roundabout way to put out the propaganda? Nobody sent out that report but New York. It was hatched in New York. That report was written right in the cotton exchange in New York. No cable ever brought that statement from Liverpool. That is another one of the ridiculous things we come across in the manipulation of the exchanges in the United States. How ridiculous that a Liverpool cablegram should bring the intelligence to the New York Cotton Exchange in the United States that hedge selling is being indulged in in my State and in the other Southern States. Mr. President, they must think the reading public of the United States knows very little about the cotton business.

Here is another one:

Situation got little better in the afternoon. Market firmer during the middle of the day on the report that the British Government would agree to the Anglo-American debt-funding proposal.

Now, is not that refreshing? How sweet it is to hear that about Great Britain's proposal that she was able to put over on the American commissioners, postponing the payment of the debt until two generations come and go before it is paid, at 3 per cent and 3½ per cent, while the farmers of the United States pay anywhere, have paid, from 15 to 20 per cent and up to 87½ per cent in my State. Great Britain is to get her money at an interest rate of 3 and 3½ per cent, while here on the cotton exchange the price is "firmed up" because of the British acceptance of the American proposal. Is it not a magnificent piece of diplomacy for Great Britain that our commissioners were able to put over such a fine deal? Sixty-two years, two generations and a little more, before the debt will be paid, and that is given as an excuse for giving the farmer 30 cents a bale more than they were giving him two hours before that intelligence reached the exchange.

Who is doing this work, Mr. President? How are the exchanges being run? I want to submit this information, and I shall then send a copy of my remarks to the Federal Trade Commission. Who is handling the exchange? Is the law of supply and demand permitted to operate? Is the scarcity of cotton permitted to make itself felt upon the exchange? No. If the law of supply and demand controlled, the price of cotton to-day would be from 50 to 75 cents a pound.

The law of supply and demand is suspended under the raid of these bear gamblers, backed by certain spinners here and abroad. Is the exchange being manipulated so as to enable certain interests to hold the price down?

Let me read another headline from New York:

Special to the Washington Post. New York, January 28—

This was printed in the Washington Post of January 29, 1923—

Fluctuations are of no significance.

Here is the important statement:

Steady hands are operating on exchange to prevent any new wild booms.

There it is. But what will they do to the fellow who wrote that when they find out who he is? He told the secret. He let the thing out.

"Steady hands are operating on exchange!" Selling short, maybe, and manipulating the market so as to prevent the farmer from getting the price warranted by the law of supply and demand. The law of supply and demand would say, "Give him 30 and 35 cents and more. He has not got much cotton. He has debts still hanging over him from the deflation of 1920. Let him have the good price. He is entitled to it. His crop is short. The cotton supply is small and the world demand is great. Get out of the way and let him have the price warranted by supply and demand." But no. Who constitutes the steady hands? Certain spinners here and abroad. The speculator here manipulates the market so that he can get the cotton, and then a little later on when the price goes to 35 cents, it being to-day about 27 cents, he will have made about $40 a bale in two or three months' time. The farmer can stand off and look at it, and say, "If I had been permitted to hold my cotton and keep it off the market, I would have had that $40 a bale additional"; which on a little 10-bale crop would have amounted to $400, a nice little sum for him. And God knows he needs it. But does he get it? Oh, no! He must be aided in holding his cotton until the price will yield a profit.

I have received some letters from commissioners of agriculture telling me about the debts left on the farmers by the deflation of 1920. Here is one from the State of Mississippi:

In order for the farmer to get a living profit, cotton has to bring from 30 to 50 cents.

He said further:

I should say it would take from two to five years for the farmers to recover completely from their losses following the deflation period of 1920 and 1921.

Mr. President, this is a serious thing with our people. The debt is still hanging over the farmer and the commissioner of agriculture says it will take from two to five years to get out from under the debts left on him or unloaded on him by the deflation policy in 1920 and 1921.

The commissioner of agriculture of the State of South Carolina wrote:

In answer to your question: In order to give the farmer a fair profit, cotton should now be selling for from 30 to 35 cents a pound. You ask how long it would take the farmers of my State to finish paying the debt caused by the deflation of 1920? Under the present condition a great many of them will never be able to pay their debts brought on by deflation. So long as the monetary system of the United States is controlled as it is, I see no real hope for the farmer.

This mournful note comes from one of the hitherto greatest cotton-producing States in the Union—South Carolina. While we are figuring on the debts of foreign governments at an interest rate of 3 per cent and giving them 62 years in which to pay, the commissioner of agriculture of one of the great cotton States writes that unless the situation is changed very materially there is no hope for the cotton farmers of the United States.

The North Carolina commissioner of agriculture, speaking of deflation, said:

Many of the farmers were hopelessly broke and many others will be years recovering from the effects of deflation of 1920 and 1921.

Mr. President, I simply wanted to bring these suggestions to the attention of the Senate this morning.

Mr. President, I wish to read the headlines of another article appearing in the Washington Post of this morning, as follows:

Buying of implements shows farm prosperity.

No wonder that makes the present occupant of the chair [Mr. BROOKHART] smile. He is a friend of the farmer and comes from a State which is in dire financial distress right now. The headlines continue.

Buying of implements shows farm prosperity. Sales in December reported as double those in same month in 1921.

Mr. President, those of us who know the condition of the farmers of the United States look with pity upon those who print such headlines. They are not true. The farmers of the United States have never, in my recollection, been as hard pressed financially as they are to-day. Of course, they have to buy implements. Those they have had are worn out. They have to buy new implements and when they go deeper into debt in buying them the propagandists come out and say "The country is prosperous, the farmer has gone to buying more tools to work with." That is the sort of propaganda we have going on, and yet it has been said 25 cents a pound for cotton is enough when it costs that much and a little more to produce it.

The cotton and grain farmers have got to have a stronger regulatory hand laid against the hand of the speculating marauders of the East. The farmer has got to have some steadying influence that will help make the price of his product more stable. Nearly everyone else, when he goes into business, knows what the year's work is going to bring.

The man who goes to work for wages as a rule knows, for he has a contract. The great manufacturers know. They contract in the spring of the year to sell their goods to be delivered in the fall at a certain price. They know they are going to get that figure. That is a certainty. That enables them to carry on their business. But the farmer goes in, hoping and praying that he will have a fair chance. While he is walking down the cool, moist furrow of his field, "solemn and reflective," as the former Senator from Georgia, Mr. Watson, once said, thinking of his business and how he is going to manage to come out on top, here comes a scheme into operation to fleece him, to take from him the commodity which he is producing. When he is forced in the market place to sell his products at unprofitable prices he goes back home with an empty wagon and an empty purse to a disappointed wife and disappointed children, to whom he promised to bring gifts, wearing apparel, shoes, hats, and clothes, that he is unable to furnish because of the low price which he receives for his produce. Senators, this situation has got to change.

Mr. President, something has got to be done, and I expect from time to time to contribute to the discussion of this important subject. These exchanges have got to be regulated; they have got to be made to reflect the law of supply and demand, or they have got to be put out of business. There is one of two courses open for them: They will obey the law as it is upon the statute books, or they will find the law so tight that they can not move. The cotton industry has got to live and prosper, and if the exchanges could be regulated so that they would help to distribute the cotton crop, so that they would respond to the law of supply and demand, I should have no objection to them; but I am not in favor of the exchanges if they are to be run to the hurt and injury of the cotton producer. As between these institutions, as to which one shall survive, I am for the cotton-producing industry; I am for sounding the death knell of the exchange, if that be necessary, to give to the cotton producer a fair price and a good profit. Let the Federal Trade Commission, under the resolution which was reported by the committee of which I am a member and which we passed on yesterday, go to the bottom of the subject. The exchanges can put their houses in order or prepare to go out of business. That is all I have to say on the subject this morning.

AMENDMENT OF FEDERAL RESERVE ACT.

Mr. SMOOT. I ask the Chair to lay before the Senate the amendments of the House to Senate bill 4390.

The PRESIDING OFFICER (Mr. BROOKHART in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 4390) to amend the last paragraph of section 10 of the Federal reserve act, as amended by the act of June 3, 1922, which were, on page 2, line 2, to strike out the word "now" and, on the same page and line, after the word "construction," to insert "prior to June 3, 1922."

Mr. SMOOT. I move that the Senate concur in the House amendments.

Mr. FLETCHER. I understand that an amendment takes care of the branch bank at Jacksonville.

Mr. SMOOT. It takes care of the Jacksonville branch-bank building which was started prior to the time fixed.

Mr. ROBINSON. That is my understanding; and there is another amendment striking out the word "now," which was surplusage. I think both amendments should be concurred in.

Mr. SMOOT. I agree with the Senator, and I have so moved.

The PRESIDING OFFICER. Without objection, the amendments of the House are concurred in.

RURAL-CREDIT FACILITIES.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States, to amend the Federal farm loan act, to amend the Federal reserve act, and for other purposes.

Mr. LENROOT obtained the floor.

Mr. FERNALD. Mr. President, will the Senator from Wisconsin yield to me?

Mr. LENROOT. I yield.

Mr. FERNALD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	George	McCumber	Reed, Pa.
Bayard	Glass	McKellar	Robinson
Borah	Harreld	McKinley	Smith
Brookhart	Harris	McNary	Spencer
Broussard	Heflin	Nelson	Sterling
Cameron	Hitchcock	New	Sutherland
Capper	Johnson	Nicholson	Swanson
Caraway	Jones, N. Mex.	Norris	Trammell
Couzens	Jones, Wash.	Oddie	Underwood
Culberson	Kellogg	Page	Wadsworth
Ernst	Kendrick	Pepper	Walsh, Mass.
Fernald	Lenroot	Pittman	Willis.
Fletcher	Lodge	Pomerene	
Frelinghuysen	McCormick	Ransdell	

Mr. BROOKHART. I desire to announce that the Senator from Wisconsin [Mr. LA FOLLETTE] is detained from the Senate on account of hearings before the Committee on Manufactures.

The VICE PRESIDENT. Fifty-four Senators having answered to their names, a quorum of the Senate is present. The question is on the amendment offered by the Senator from Iowa [Mr. BROOKHART].

Mr. LENROOT. Mr. President, I desire to address myself to the pending amendment offered by the Senator from Iowa, but more particularly, perhaps, to the general subject to which it relates and concerning which he addressed the Senate yesterday.

I do not know how many Senators may have had the opportunity to examine the amendment, or have done so whether they had the opportunity or not. I am going to be very greatly interested, Mr. President, when a roll call is had upon the amendment to ascertain how many Senators there shall be who will vote in favor of a proposition of this kind, so important, so far-reaching; a proposition that has not been considered by any committee of the Senate and one which has not been indorsed by any farm organization or any other organization, so far as I know, but for which the Senator from Iowa himself acknowledges he alone stands sponsor. Nevertheless, he said that he expected the Senate, or at least he hoped the Senate would adopt it; and yet the Senator from Iowa has complained that there has not been given sufficient time for the consideration of the provisions of the pending bill, although it has been considered by two committees, by the farm bloc, and has been before Senators for several weeks, if not months.

I am not going to undertake to address myself at any length to the provisions of the amendment, because I can not assume, Mr. President, that Senators are willing to act affirmatively upon such a subject as this without full consideration. I only wish to say in passing that on its face it affords privileges to the class of people who come under it that are not afforded to any other class of people in the United States under our banking laws; that it creates a Federal reserve bank for the special use and benefit of the class of people to whom its provisions are directed, and that, too, in one short paragraph, the full effect of which no one can foresee.

Mr. President, I am in sympathy with cooperative organizations, and it may surprise some Senators to know, after listening to the speech of the Senator from Iowa, that the bill that is now before us expressly provides that the paper of cooperative banks shall have the same privileges as the paper of any other kind of a bank. This bill, however, seeks to establish under national charter a system of cooperative banks; and it seems to me that when the Senate comes to consider that question seriously, if the present law is not sufficient to authorize and permit it, the easy and the simple thing to do would be to amend the present law in the particulars that prevent the full functioning of a cooperative bank exactly as any other bank functions. More than that the farmers have not the right to ask; and here is a curious circumstance, Mr. President:

Some of the friends of the farmer are always denouncing special privilege, and yet we almost always find those same alleged friends of the farmer asking for the farmer special privilege that they would deny to anybody else. Mr. President, special privilege in itself may be to the public benefit. Generally it is to the public injury; yet there are times when conditions and circumstances are such that a special privilege to this class or that class may be to the public benefit. For instance, the pending bill before us, reported by the committee, confers a special privilege for the benefit of the farmers in that it has the Government furnish $60,000,000 of capital, and, under certain circumstances, an additional $60,000,000, or, in all, $120,000,000 capital for the organization of personal-credit departments in farm land banks for the benefit of the farmers of the United States. That is a privilege that we do not extend to any other kind of a bank, and I think it is entirely proper; and I merely wish to say that those who denounce special privilege always in general terms and then every day come and ask for some special privilege in behalf of those whom they pretend to represent are not very consistent in doing so.

Mr. President, that is all I am going to say about this amendment. Senators, of course, will vote as they see fit upon it; but I do want to say a word with reference to the general subject of cooperation.

Mr. BROOKHART. Mr. President——

Mr. LENROOT. I yield.

Mr. BROOKHART. The Senator says the paper of cooperative banks has the same privilege under this law as the paper of other banks. Since there are no cooperative banks, what advantage is that to the farmer?

Mr. LENROOT. I understood that the Cleveland bank is in fact, whatever its form may be, a cooperative bank, organized by the brotherhood of railway employees.

Mr. BROOKHART. That is a labor cooperative.

Mr. LENROOT. Well, it is a cooperative bank. If a labor cooperative can do it, a farmers' cooperative can do it.

Mr. BROOKHART. That bank is operating under cooperative by-laws by special agreement with its stockholders. It is organized under the regular national banking act.

Mr. LENROOT. Certainly. That is what I said.

Mr. BROOKHART. I had a letter from the organizer of that bank this morning indorsing my bill.

Mr. LENROOT. Well, supposing he has—what of it?

Mr. BROOKHART. He wants the privilege of organizing a cooperative bank, the same as any other folks have the privilege of organizing a corporation bank.

Mr. LENROOT. He has that privilege now—the same privilege that anybody else has of organizing a bank.

Mr. BROOKHART. He has not.

Mr. LENROOT. He is now asking for some special privilege for himself or those whom he represents, is he?

Mr. BROOKHART. The amendment that I offered, if the Senator will notice, is not confined to farmers or laborers or anybody else. Anybody can organize a cooperative banking concern. There is no special privilege asked in it in that way.

Mr. LENROOT. Is it or not confined to producers?

Mr. BROOKHART. It says:

Provided, That associations for carrying on the business of banking under this title may be formed by any number of natural persons, not less in any case than 200.

Mr. LENROOT. And who may be members of the cooperative organization?

Mr. BROOKHART. There is no limitation on it, as I remember.

Mr. LENROOT. Perhaps it is one of the other bills in which it was limited to producers.

Mr. BROOKHART. I think the Senator was in error on that. Now, the Senator suggested that if we wanted cooperative banks, the way to get them was to amend the banking law itself. That is exactly what this amendment proposes to do. It does not propose to change the national banking system. It simply puts the cooperative banks under the national banking act.

Mr. LENROOT. Mr. President, the Senator knows that this amendment of his relates to stock subscription, and they must have capital stock. He does provide that this kind of a corporation shall have a privilege that no other bank has, in that the minimum capital is very much less than in the case of any other kind of a bank. He also knows that the difficulty, if there be any, of organizing through stock subscription under the present law, as this amendment provides that stock must be taken, is with regard to the distribution of earnings to stockholders, depositors, and borrowers. Some simple amendment might be made to the present national banking act that would obviate that difficulty, if difficulty it be, without amending the law so as to give a special privilege, a special exemption, to one class of people organizing banks under the law.

Mr. BROOKHART. But those are the provisions that make it cooperative. Without that it would not be cooperative. Those are the things necessary to make it cooperative.

Mr. LENROOT. Can not 200 persons subscribe to stock in a national bank now and become stockholders in it?

Mr. BROOKHART. Yes; but that would be a corporation, and not a cooperative.

Mr. LENROOT. What is the difference?

Mr. BROOKHART. The difference is that in the cooperative you limit the earnings of the capital, to start with. The next is, one man one vote, regardless of the amount of capital he owns; and the third is, the earnings are distributed to the depositors and the borrowers.

Mr. LENROOT. That is the chief thing of course, as the Senator knows—the distribution of earnings—and our present national banking laws could very easily be amended so as to give to officers of national banks the privilege of distributing the excess earnings in that way if they saw fit. The Senator knows that.

Mr. BROOKHART. If the Senator will prepare that simple amendment, I will accept it.

Mr. LENROOT. The Senator from Wisconsin is not cumbering up this farm credit legislation with legislation that has no place upon this bill and that may tend to defeat it. I happen to be a friend of rural credit legislation.

Mr. President, the Senator from Iowa yesterday again charged, as I understood him, that there had been delay in the consideration of this bill, and so much delay that I do not know whether he said it ought to go over until the next session or not, but, at any rate, that other propositions should have further consideration. The only reference to the farm bloc in this debate, so far as I am concerned, arose over the fact that the other day the Senator from South Dakota [Mr. NORBECK] charged that somebody had delayed this legislation, and implied that I at least was one of the parties responsible for doing so, and that it had now become so late in the session that adequate consideration could not be given to that important question. In reply, I stated that if there was delay anywhere with reference to this farm credit legislation the responsibility was with the farm bloc, and I related the exact facts with reference to it.

Mr. President, I do not happen to be a member of the farm bloc. I have not criticized it in any way. I have stated the facts with reference to it; and, to remind the Senator from Iowa, I will state them again.

It is over a year ago that this legislation was introduced. It is nearly a year ago that I asked the Banking and Currency Committee to appoint a subcommittee to consider it. It is nearly a year ago that I argued this bill before the subcommittee. Shortly thereafter members of the farm bloc informed me that the farm bloc was considering this matter of credit legislation, and asked me not to press this legislation until the farm bloc could have an opportunity to examine, investigate, and consider not only the bill that I had introduced but other bills upon the same subject. I, having great respect for the farm bloc, acquiesced and agreed to the request. It was not very long after that before I was invited by the chairman of the farm bloc to appear before it and address myself to the provisions of the bill which I had introduced. I did so. I remained after my remarks were over. The Senator from North Carolina [Mr. SIMMONS] addressed the farm bloc. I think the Senator from South Dakota [Mr. NORBECK] did so. Anyway several Senators spoke, and I was informed that at that meeting a committee was appointed to consider all rural credit legislation that had been proposed. I inquired many times, and each time I learned that that committee had not made a report to the farm bloc. They did make a report in December. I again was invited to appear and be present at a meeting of the farm bloc when the committee had made its report, and I was informed that the farm bloc could not agree among themselves upon any measure relating to rural credits. That being so, I pressed to the fullest extent of my power the consideration of this bill.

The Committee on Banking and Currency immediately commenced hearings upon it, and I do not think anyone who was present can charge that committee with any delay for a single moment. The Senator from Michigan [Mr. COUZENS] sits before me, and he knows how they sat day after day in continuous session until they disposed of the bill.

So, I repeat, if there is any delay in this rural credit legislation, the farm bloc are responsible for the delay; but I do not criticize the farm bloc for that. I have not criticized them in any way with respect to this or any other matter. The farm bloc have done many good things, but it is not necessary in defense of the farm bloc to attempt to give them credit for things for which they were not responsible.

Mr. BROOKHART. Mr. President, my principal complaint in the matter was that the Senator from Wisconsin was fili-

bustering the bill through too fast, to get back onto ship subsidy.

Mr. LENROOT. Again the Senator from Iowa, while pretending to be a friend of the farmer, may be willing to delay this legislation so that the farmer will not get any benefit from it. I am not.

Mr. WADSWORTH. Mr. President, will the Senator yield?

Mr. LENROOT. I yield.

Mr. WADSWORTH. Is it not a fact that if this legislation were unduly delayed it would be quite impossible to pass it through the House of Representatives before March 4?

Mr. LENROOT. I have stated that, and I have also stated that the farmers are commencing to prepare for their crops; and I should suppose that anyone who really wanted to help the farmers, rather than have political issues to talk to them about, would be interested in getting through at the earliest possible moment legislation for their relief.

Mr. WADSWORTH. In other words, every day is vital.

Mr. LENROOT. Every single day is vital, of course.

Mr. President, I stated that it is no criticism upon the farm bloc to show that they had not done all of the things that the Senator from Iowa attempted to give them credit for; and upon this very subject of cooperative organization among farmers—the Senator from Iowa may not know, because he was not here—with reference to the cooperative marketing bill that we passed at the last session, I think even the Senator from Iowa, loath as he is to admit that anything is good that is done for the farmer unless it bears his name or that of some of his close associates, will admit that that bill, passed at the last session of Congress, was of the very greatest value to the farmer, and if cooperative organization was to succeed in the future it was absolutely necessary that that legislation should pass. The Senator from Iowa may not know that that bill was sleeping the sleep of death, never to be resurrected so far as the farm bloc was concerned, until two Members of this body, neither of whom was a member of the farm bloc, got it resurrected, called a meeting with the chairman of the farm bloc, asked representatives of different farm organizations to meet with them, and agreed upon a bill that was put through and is a law to-day, but which would not have been upon the statute books if Senators had been willing to let it rest there as the members of the farm bloc at that time seemed to be willing it should.

Remember, Mr. President, I am not criticizing members of the farm bloc; I am simply saying that the Senator from Iowa should not attempt to give them credit for things they will not take credit for themselves. They have done good things. I think they were responsible, in very large degree, for the packers bill, for the grain futures bill, and for some other legislation. Another piece of legislation the Senator from Iowa attempted to give them credit for was the law enlarging the powers of the War Finance Corporation, which I think every Senator, unless he be the Senator from Iowa, will admit saved thousands of farmers of the United States from going into bankruptcy. I do not know whether the Senator from Iowa is willing to admit that or not. But what are the facts concerning that measure? The farm bloc indorsed a bill which could not have passed this body, that could not have passed the House, because it would have put the Government into the business of buying and selling farm products, and some gentlemen seem to have the idea that there is a very simple way to restore prosperity in the United States, and that is to have the Government buy everything that is produced at a high price, and then sell it to the consumer at a low price, and everybody will be happy. That was the status of that bill.

There were some other Senators who were not members of the farm bloc——

Mr. POMERENE. Mr. President, will the Senator yield?

Mr. LENROOT. I yield.

Mr. POMERENE. The Senator has just referred to the purchase by the Government of large quantities of farm products for the purpose of improving the prices. Let me remind the Senator that during the period of the war large quantities of wool were bought, and were held in warehouses. Those large purchases were made in part by the Government and in part by private enterprise, and then the very moment the Government sought to sell the wool it had, and at one time placed $85,000,000 worth of wool on the market, the natural effect was to depress the price of wool in the hands of the farmers; and that would be the effect of legislation of that kind.

Mr. LENROOT. The difficulties the Senator speaks of are easily met. The Senator forgets that most of the gentlemen who urged that kind of a proposition were also of the opinion that the Government should in such case continue to buy at a high price.

Mr. POMERENE. And hold the goods, without limit.

Mr. LENROOT. Oh, yes; I was on the point of saying that there were some Members of this body who believed that the farmers should have some relief in the emergency which then existed, and Senators who had no connection with the farm bloc drafted the legislation which is now upon the statute books enlarging the powers of the War Finance Corporation, which, it is admitted, was of very great benefit to the farmers of the United States.

I merely make these statements to correct the RECORD, and to assure the Senator from Iowa that, notwithstanding his own skepticism upon the subject, there are some friends of the farmer in this body who have not the honor to belong to the farm bloc, and there are some friends of the farmer who try to be helpful in constructive legislation, and do not think it necessary, on the stump and on this floor, to be constantly parading their friendship for the farmer.

I want now to refer to just one other thing that has to do with this general subject of cooperative organization. I believe, with the Senator from Iowa, that the solution of most of the economic troubles which confront the farmer lies in cooperation, cooperative marketing and cooperative buying; and may I say to the Senator from Iowa that the farmers have learned more in the last five years with reference to that subject than they had learned in 50 years previous to that time. There was one lesson the farmer had to learn with reference to cooperative marketing and cooperative buying, and that was that if it was to be a success, they could not simply regard the management of it as a white-collar job which anyone could fill, but if it was to be a success there must be efficient management, and they must be willing to pay for efficient management just the same as a private business would pay. They are learning that, and wherever they have learned it cooperative marketing is a success and has a future before it.

But let us see for a moment what kind of a future the Senator from Iowa has in mind for cooperative marketing. This is not my idea. The Senator from Iowa and I are as far apart as the poles upon the subject of farmers' cooperative associations, or consumers' cooperative associations, because the aims and purposes of the Senator from Iowa in the full development of cooperative associations are not one whit different from the aims and purposes of Soviet Russia, and Lenin and Trotski. He has a right to advocate his ideas, of course. Any Senator has a right to; but it is interesting to know just what the ultimate aim and purpose is.

I would not make that statement concerning the Senator from Iowa, of course, even though he has the right to take that position, were it not for the fact that he very frankly stated his position not long ago. I do not think he has stated it on the floor of the Senate yet, but a very short time ago, in a speech in New York City, he very frankly set forth just what his idea of the future and purpose of cooperative organizations was, and I want to quote a paragraph of that speech, made last week, I think, before the Council of Foreign Relations of New York City. I will quote just one paragraph. He said:

> I want to make this council a specific proposition. I say to you it is within your power to lead this movement—
>
> Having discussed the cooperative movement—
>
> to a speedy and world-wide success. Under the Constitution Congress regulates commerce with foreign nations and among the States. If this council would ask Congress to require that all business in interstate and foreign commerce shall be transacted under a Federal charter; that the terms of the charter shall be the Rochdale cooperative system of producers and consumers; that all antitrust laws be repealed as soon as this is effected; every farmer, every laboring man, and every soldier would join in that request.

Think of that, Mr. President. He undertakes to speak for every farmer, every laboring man, and every soldier, in the request that Congress pass legislation providing that no one shall engage in interstate commerce in the United States unless he has a Federal charter, and the Federal charter shall provide that they must be members of a consumers and producers' association, otherwise the privilege of interstate commerce shall be denied them. I challenge the Senator from Iowa to point out any distinction between the doctrine of Soviet Russia in its beginning and the proposition he now advances. There is a distinction to-day, because Lenin himself would not think of advocating such a proposition as the Senator from Iowa asked that body in New York the other night to request Congress to enact.

Then, in making that request, the Senator from Iowa seemed to forget for the time being that there is a little instrument

in writing, not very long, which it does not take very long to read, but which has been in existence something like 146 years, which happens to be known as the Constitution of the United States, and the Senator from Iowa seems to have forgotten that the Constitution of the United States prohibits the passage of any such legislation as he asked the Farmers' Council to request Congress to enact.

Mr. BROOKHART. Mr. President, I would like to inquire what section and article of the Constitution of the United States prohibits the Congress from regulating commerce among the States, and also foreign commerce.

Mr. LENROOT. I am very glad the Senator asked that question, because I should be very sorry to think that the Senator from Iowa would make such propositions as he does if he knew what the constitutional provisions were as construed by the Supreme Court. Yet I am surprised. The Senator is a lawyer. The Senator must know—surely the Senator from Iowa can not be ignorant of the fact—that Congress has no power to deny the privileges of interstate commerce to one class of persons and say they shall be granted to another. According to the doctrine of the Senator from Iowa, Congress could say that no one who had red hair should engage in interstate commerce, that only those who did not have red hair might do so. Does the Senator think that kind of a regulation would be valid?

Mr. BROOKHART. I should like to ask the Senator what class of our people would be prohibited from entering into interstate commerce under the Rochdale cooperative system of producers and consumers?

Mr. LENROOT. The class of men who love liberty in the United States, who are not prohibited by the Constitution or by law from joining or refraining from joining any organization. The class that would be prohibited from engaging in interstate commerce, under the Senator's suggestion, is the citizen of America who would say, "I am an American citizen, but I do not care to join a cooperative consumers or producers' society." Have I answered the Senator?

Mr. President, I thought it well worth while to take a little of the time of the Senate in setting before the Senate what the aims and purposes of the Senator from Iowa seem to be in the development of cooperative organizations.

I repeat, I doubt if there are any who do not believe in cooperative organization, who do not believe that cooperative organization will do more for the farmer than any kind of legislation can possibly do. But, Mr. President, I hope the time has come—no, I will retract that. I will say I hope there is not another Senator and not a Member of the other House who holds the idea that the Senator from Iowa apparently does—that not another Senator could be found who would say "We will by law compel you to join one of these associations, under penalty, if you do not, of denying to you the privileges of interstate commerce."

Mr. President, there are many attacks upon the Constitution these days. The Constitution, I think, should be amended in some particulars. But when doctrines like these are propounded by a Senator of the United States I say, Thank God for the Constitution.

Mr. KELLOGG. Mr. President, will the Senator from Wisconsin yield? I wish to ask him a question.

The PRESIDING OFFICER (Mr. LADD in the chair). Does the Senator from Wisconsin yield to the Senator from Minnesota?

Mr. LENROOT. I yield.

Mr. KELLOGG. I invite the Senator's attention and also the attention of the Banking and Currency Committee to one clause of the amendment offered by the Senator from Iowa upon which the Senator from Wisconsin has not commented—at least I did not hear him—and that is section 15, which provides as follows:

> And it is provided further that after 1,000 cooperative national banks have been organized they may establish a cooperative reserve of their own and become members thereof by subscribing for capital stock therein equal to 5 per cent of their own capital stock.

Then it provides that—

> Such cooperative reserve bank may also admit as members cooperative State banks organized substantially upon the same plan as cooperative national banks.

Now, under that language, I take it, we are to have two Federal reserve systems in the country independent of each other. Everybody knows the object of the Federal reserve system. It has a great influence not only upon the rates of discount and credits to be given member banks, but upon the amount and flexibility of the currency of the United States on which business is done. Are we to have an unlimited right to establish another reserve system, apparently without any limitations whatever? I should like to hear the Senator comment on the proposition.

Mr. LENROOT. I had referred to it. I did not care to go into it at any length because I think it must be readily seen by any Senator who would take the trouble to examine the amendment, and particularly that section, that if any plan of cooperative banking is to be set up as a part of the national system, the provision would have to be very carefully worked out and drawn. But may I say that I suppose what the Senator from Iowa had in mind, although it is not expressed, is that this would be merely an additional Federal reserve bank. I suppose that is what it is. I do not know. But if it is a Federal reserve bank, the Senator from Iowa has perhaps forgotten that provision of the Federal banking law which would permit the Federal Reserve Board to order the transfer of funds from that cooperative bank and put them in the vile commercial banks he speaks of.

Mr. KELLOGG. The language, on its face, I suggest to the Senator from Wisconsin, seems to establish an independent Federal reserve system. It does not say it is a part of the Federal reserve system we now have, or subject to the control of the Federal Reserve Board.

Mr. LENROOT. It does not, except that the Senator from Iowa has provided that the provisions of the Federal reserve act and the national bank law shall apply in so far as they are applicable.

Mr. KELLOGG. So far as not inconsistent with his amendment; but the language of the amendment is that the cooperative banks shall establish for themselves a cooperative reserve of their own—not a Federal reserve, but a separate reserve of their own.

Mr. LENROOT. I would like to say to the Senator from Minnesota that when the Senator from Iowa has had more time to reflect upon it and reintroduces the amendment at the next session, as I expect he will, I am very sure he will very radically revise it himself.

Mr. BROOKHART. Mr. President, I regret more than ever that the Senator from Wisconsin [Mr. LENROOT] withdrew his demand for a night session. I see more than ever the need of a cooperative school here in the Senate of the United States, especially among the standpatters.

First, I want to refer to the cooperative reserve proposition. We have two reserve systems in the United States right now. It has been stated over and again in this Chamber that something more than 8,000 banks are now eligible to the Federal reserve system and not in it. Where are they doing their reserve business? They are making their own reserve right now. They are selecting their own reserve bank and doing business with it as they please. Yet here comes a howl from Minnesota that it sounds like Lenin and Trotski, echoing the other howl from Wisconsin. I think most of the people of Wisconsin are on Lenin and Trotski's side, judging from the way they are voting up there lately, if that is the theory of it.

Mr. LENROOT. Mr. President——

Mr. BROOKHART. I think the Senator will learn, when he goes back to the people in Wisconsin, that they know what a cooperative bank is and that they know what cooperation in interstate commerce means. I yield to the Senator from Wisconsin.

Mr. LENROOT. The people of Wisconsin have perhaps much to answer for, but the people of Wisconsin thus far, radical as they may have been, have never even dreamed of such a proposition as that proposed by the Senator from Iowa.

Mr. BROOKHART. We will discuss that proposition a little later. I agree that the people of Wisconsin have much to answer for. Perhaps the chief of those things is the junior Senator from Wisconsin.

But in any event I want to explain the situation a little. We will hold a little bit of the school right now. I am ready to face any American on the proposition of the right to organize cooperative societies. I said to the leaders of finance in Wall Street, to that council of foreign relations, the biggest leaders up there, "If you would come to Congress and ask this regulation of interstate commerce, the farmers, the laborers, and the soldiers would join you," and they would do so. I so said to them that I did not expect them to come, because they are not ready to yield the profit system which they have fastened on interstate commerce and which enables them to take such enormous profits without the consent of the people of the United States and to declare such enormous dividends to avoid the payment of taxes.

Now, would Congress have the right to provide a Federal charter for the transaction of interstate commerce? I know of no lawyer who ever disputed that fact. The farmer himself

knows better than that. He does not have to ask a lawyer, because the Constitution says that Congress shall regulate commerce among the States and also foreign commerce. If Congress provided that those engaged in interstate commerce should take out a Federal charter it would be constitutional. No one would dispute it. If Congress then further provided that they had to earn 200 per cent on their capital, the Senator from Wisconsin would never dispute the constitutionality of that sort of provision in the charter. But if Congress would provide that those profits should be restricted by the cooperative principle, then it would be bolshevism and anarchy, as has been stated by the junior Senator from Wisconsin.

Oh, we need a little bit of education on some of these ideas. The farmers and laboring men and soldiers of the country are wakening up to them and are talking of this proposition. I have not the slightest doubt of the power of Congress to enact such a law. I have not the slightest doubt that the most reactionary court in the country would hold it constitutional, because the plain terms of the Constitution say that Congress shall regulate foreign commerce and commerce among the States.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. BROOKHART. I asked for the section or article that is violated and the Senator from Wisconsin got eloquent, leaned back on his dignity, and shot off some hot air, but he never stated it. I now yield to the Senator from Wisconsin.

Mr. LENROOT. I will say to the Senator that if he will read the decision in the child-labor case, rendered in a case involving the first child labor law, he will not thereafter, because he is a lawyer, repeat the statement he has just made.

Mr. BROOKHART. I know something about that, too. That was a proposition that we could not invade the States with the interstate commerce clause. I am only talking about interstate commerce.

Mr. LENROOT. That was interstate commerce. We attempted in that law—and I had something to do with it—to deny the privilege of interstate commerce in order to protect the child labor within the State, but the Supreme Court of the United States held that Congress had no power to do that thing under the interstate commerce clause of the Constitution.

Mr. BROOKHART. To do certain acts wholly within the State, which they held were not within interstate commerce. I have not proposed anywhere that there be included any provision that was not interstate commerce. I understand that distinction perfectly well. No; there is always a reactionary always ready to find some reason to halt the advance. He is always ready to cite the Constitution, if that will do; if not, then he cites something else. He never sees the light of proggress. He never sees the interest of the common man. That is the trouble. That is the reason why we are going to pass farm legislation that amounts to nothing for the farmer.

Now, the little simple amendment which I have proposed to the pending bill does not force anything on anybody. It does not attempt even to do the things that I asked the big financiers of New York to support. It gives a permissive right to organize a simple cooperative bank. There are thousands and tens of thousands of them organized and in successful operation in the world right now, organized every time by the common, plain people of the different countries. They are serving the needs of the agricultural people in every country where they are in operation. But the Senator, who does not belong to the farm bloc, who speaks for the banker bloc, the Wall Street bloc, the United States Chamber of Commerce bloc, and all those blocs, is opposed to giving to this great class of our people, the 7,000,000 farmers, the 6,000,000 laboring men, the several other millions of brain workers who earn their living in the country by brain work, authority to form an organization that would enable them to organize their own little savings under their own control, to be used for their own benefit. No; he wants to continue a system which by the structure of its organization takes those little savings, piles them up ultimately in the big Wall Street banks, and leaves in the hands of a few men the economic power that goes with the control of all that vast capital.

I do not know in how many wars he served. I do not know how many times he has volunteered to defend his flag, but the Senator comes back and intimates against the man who is willing to stand for these people against him and against Wall Street or any other crowd that that man belongs with Lenin and Trotski. All right; I do not care. I have been called those names ten thousand times. That is the reason I carried every county but five in my State. The common people of this country have got past all of that stuff. I was told when I first came down here that I would have to face a conspiracy of this kind of charges, and it has appeared to-day on the floor of the Senate of the United States. I am ready to face it here or anywhere else.

I say that the men who are trying to subvert the Constitution of the United States are this same combination of capitalists who recognize no rights of the common man, who ignore and care for nothing except to take exorbitant profits at the expense of the farmer and laborer and the common man of this country.

I did not come to the Senate to represent those men and those combinations. I came to fight them, and I will be here doing it as long as I have breath to do it. I think this is a Government of the people, by the people, and for the people. I think the Republican Party, to which I belong, is the party of that idea, and if it has strayed away under the leadership of the ideas advocated by the Senator from Wisconsin I am ready to fight to bring it back. It came back in Iowa, and it came back in Wisconsin. No longer by calling names, no longer by denouncing somebody, can the thoughtful people of the United States be turned from the real question at issue.

Vote down this amendment if you wish and say to the farmers and the laboring people and the common people, "You shall not have an organization within which to mobilize your own little savings; we propose to take those savings and handle them for you whether you wish it or not"—do that if you like, but I will be here fighting it at the next session of Congress. There will be a somewhat different tone of voice in the Senate at the next session, and it may be we shall fare better.

Mr. LENROOT. Mr. President, I am going to say merely a word with reference to the remarks of the Senator from Iowa. I wish to read but a line of the bill as reported by the committee, as originally introduced by me, and as I am asking the Senate to pass it to-day. As to those who shall have the privileges of the bill, it covers—

any national bank, State bank, trust company, rural credit corporation, incorporated live-stock loan or farm credit company, savings institution—

Now, note—

cooperative bank, or cooperative credit or marketing association of agricultural producers.

Mr. BROOKHART. Mr. President——

Mr. LENROOT. The Senator from Iowa is so careless in his statement of fact that I do not care to go further with that.

Mr. BROOKHART. Mr. President, I wish to concede, as I have stated all the time, that the Senator's bill recognizes the belligerency of a cooperative association, but that is all.

Mr. LENROOT. No.

Mr. BROOKHART. The bill recognizes that there is such a thing and that business will be transacted with it, but that is all.

Mr. LENROOT. The Senator said I was trying in this bill to prevent the organization of cooperative banks and insisted on taking the money away from them.

Mr. BROOKHART. I still say that it does not create such a bank or provide any way of creating it.

Mr. LENROOT. It does create such banks. They may be created just as many thousands of State banks to-day are created. It is State banks mostly that will be affected by the bill. In any State, with the permission of the State government, cooperative banks may be organized, and when organized this bill gives cooperative banks the benefit of its provisions. The Senator knows that, and yet he made the statement he did a few moments ago.

Mr. BROOKHART. I know this bill as it was orginally prepared did not authorize the organization of any cooperative bank or of any other cooperative society.

Mr. LENROOT. No; nor of any other kind of bank.

Mr. BROOKHART. It proposes to transact business with them; that is all. That amounts to but very little. I am willing, however, to give credit to the bill for that; it helps that much; but this whole proposition is worthy as well as one little corner of it.

Mr. President, I desire at this time to withdraw the amendment to the pending bill providing for cooperative banking, but give notice that I shall offer it again before the final vote is taken.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

Mr. TRAMMELL. Mr. President, I concede that the measure before us indicates at least some response to the demand of the great agricultural interests of the country that Congress enact laws governing the financial system that will be suitable to conditions surrounding that great industry. I do not feel that the measure in its present form is entirely void of helpful provisions. It is, to a large extent, copied after the act reviv-

ing the War Finance Corporation, and placing within it certain authority and power to make loans in order to assist in carrying on our agricultural industries.

In some localities of our country the pending measure will extend additional relief to that already provided by the War Finance Corporation act under which we are operating at the present time. In other localities, considering the character of the agricultural industries within those sections, the measure will afford no greater relief than, and probably not so much relief as, is now enjoyed under the existing law governing the administration of the War Finance Corporation.

I have thought as I read over this bill that the members of the committee, however good may have been their intentions, were familiar only with that portion of our country in which staple agricultural commodities are produced. They do not seem to take into account to any marked extent the vast domain in this country in which the production of perishables constitute agriculture in a major proportion at least. In localities where the production of staple commodities constitute principally the agricultural industry it is provided that upon the indorsement of a bank credit may be obtained from the farm-loan banks. It is also provided that credit may be obtained upon security based upon chattel mortgages or warehouse receipts upon those staple products from the farm-loan banks, provided the farmer utilizes the banks in the country as the intermediary or the underwriter, for it is necessary, in order for any farmer to have his security used, provided it is not the security of a cooperative association, for that security, before it is eligible for an advance or a discount in a farm-loan bank, to bear the indorsement of the bank from which the loan is negotiated. It is provided, however, that farm organizations, farm-loan associations, or marketing associations composed of farmers engaged in the production of staple products, may transact business directly with the farm-loan banks. The restriction provided by the use of the words "staple agricultural products" precludes from the advantage of any direct negotiation with the farm-loan banks the farmers of any section of the country engaged in the production of perishables, because the privilege is not extended to the farmers, even when cooperating in an association, to secure advances from the farm-loan banks, except in the event that they are engaged in the production of staple agricultural products. In consequence, this measure absolutely precludes the thousands and the millions of the farmers and growers in this country who are engaged in the production of perishable commodities from the privilege of obtaining advances or discounts from the farm-loan banks directly.

This class of our farmers are expected to go into their local banks, arrange for loans with their local banks, and then the local bank, if it sees proper to do so, may, with its indorsement, use that security for the purpose of obtaining a rediscount or an advance from the farm-loan bank under the provisions of this measure. In consequence, this bill provides no further relief whatever for the fruit grower or the truck farmer of my State and other States than is provided for him under the existing law governing the operations of the War Finance Corporation.

Mr. President, I come from one of the most thrifty and progressive and, from the standpoint of the investor, as well as from many other viewpoints, one of the most attractive States in the Union; yet within my State the citrus-fruit industry, the truck-farming operations, and agricultural endeavors of similar character constitute in a major proportion, at least, its agriculture. In the northern part, which is a most excellent farming section, we produce staples very largely—cotton, corn, and crops of that character—and this extends into the central part to quite an extent; but in a considerable portion of my State agriculture centers very largely around the production of citrus fruits and the production of perishables. This bill applies to staple farm products. Of course, I should like very much to have that character of agriculture included under the head of the term "staple farm products," but, as I understand, it was not the purpose and intention of the committee, in putting that restriction upon the security, that it should include perishable products. The intention was rather that it should be restricted to nonperishable products.

There is a way whereby those engaged in the fruit industries and in truck farming can have an opportunity to obtain advances and loans just the same as those engaged in the so-called staple agricultural activities—that is, to make eligible for loans and for advances from the farm-loan banks securities that are based upon mortgages upon real property. In order to try to correct this objectionable feature of the measure as it exists at present, I have proposed an amendment making a mortgage upon real property used for producing and in connection with producing agricultural crops eligible as a security for advances and for rediscount purposes. There is no better class of security than that. The committee, when it wrote into the bill that mortgages upon cattle should be acceptable, recognized the policy of accepting mortgages and collateral of that character. As a matter of fact, I think that in the mind of the average financier or person who is well informed upon the question of securities the soil upon which the crop is produced and the buildings and improvements located upon a farm would be recognized as certainly as staple and as dependable security as a mortgage upon cattle or live stock.

I do not want to question anybody's motives, and I do not question them; but when I read this bill I am impressed that those who drafted the bill were thinking about wheat, were thinking about corn, they had to think about cotton, and then the cattle people of the West said, "Why, we must have some provision under which we can receive the benefits of this bill for our cattle industry," so in a number of instances they specifically wrote into the measure that these privileges should be extended to live stock, and that a chattel mortgage upon live stock should be eligible for advances and for discount purposes; but it seems that nobody happened to think about the man who, with his apple orchard or his orange grove or his truck farm, may require some financial assistance. It seems that nobody was there looking after the interests of those engaged in this character of agriculture. Certainly the man engaged in fruit production and in vegetable production should be afforded the same opportunity and privilege of obtaining credits for the planting, the production, the harvesting, and the marketing of his crops as those engaged in the production of staple agricultural products, provided, of course, that he can furnish ample and safe security. This he can do. This can be easily accomplished by having him furnish, if he sees fit to do it—and he should have that privilege—a mortgage upon his real estate; and there is no better security.

Under the provisions of this bill a farmers' organization or association whose members are engaged in the production of agricultural products of a staple character can go to the farm-loan bank and obtain money without any collateral other than the notes of the association, as I recall, just so they say that the money was advanced or is being used in carrying on staple farming. The farmer has to belong to an association, however, to enjoy that privilege. On the other hand, under the provisions of the bill an association of which a fruit grower in my State is a member who has property worth probably $25,000, requiring for the purpose of fertilizing, working, and caring for his grove and the production of a season's crop perhaps $2,500, has absolutely no privilege to apply to a farm-loan bank and obtain loans, even though that grower is willing to give a mortgage upon his property for $2,500, and his property is worth $25,000.

I do not think a proposed system that denies this privilege to a great class of those engaged in the agriculture of our country fully meets the situation and the requirements. What is this farmer to do? His only remedy is to go to his bank. He knocks at the door of the bank and says, "I want to borrow $2,500. My next crop probably will amount to four or five thousand dollars, but I need money to buy fertilizer; I need money for spraying; I need money for plowing and hoeing, and so on. I want to borrow $2,500."

If the bank sees fit to loan him the $2,500, then as soon as his obligation gets into the hands of the bank it constitutes a collateral upon which the bank, with its indorsement, can negotiate an advance or can negotiate for a rediscount with the farm-loan bank or with the Federal reserve bank. It just facilitates matters a little as far as the banking facilities are concerned, and aids the banker, and the farmer indirectly obtains some benefit; but that is not all. You deny this great class of our people engaged in agriculture the privilege of negotiating directly, either through associations or otherwise, with the farm-loan bank.

Of course, I appreciate, and the farmers of my section appreciate, the privilege of a bank having the opportunity, as it now has—it already has that opportunity under the present war finance law—of taking the farmers' security and of using it for the purpose of reinforcing the funds of the bank. That necessarily, especially in times of stress, gives the bank more funds with which to operate. It not only helps the farmer in that way, although his benefits have to come by a circuitous route, but it helps to strengthen and to fortify the bank, and it gives the bank greater latitude in meeting the commercial demands upon it. So I am heartily in sympathy with that provision of the law as it now exists; and when the War Finance Corporation bill was pending here it was my pleasure to suggest and have adopted one or two amendments to that bill, which extended or enlarged the scope of the banks in the ac-

ceptance of securities that would be considered eligible for rediscount purposes; but the contention I make is that the law ought to go a little further and make it possible for an association of growers engaged in truck farming or an association of growers engaged in citrus-fruit production to have the same privilege to go to the farm-loan bank and obtain advances in the form of loans that the farmers and the growers engaged in staple-crop production in an association may have. Coming from a section where this is to a great extent the character of farming that is engaged in, I resent the discrimination against the citrus-fruit producer and against those engaged in vegetable production; and what I say in regard to my own State will apply to other States where they produce apples, peaches, grapes, and other perishables.

Take the condition in the State of California. In California, in a very large part of the State, those engaged in agriculture will have absolutely no privileges under this bill except to carry on their transactions through their local banks. Their exchanges, their cooperative organizations and associations, are absolutely barred from any direct transactions with the farm-loan banks under the provisions of this bill, although those engaged in the production of grain or wheat—their neighbors, if it should happen that they are their neighbors—through their organizations can ask for loans, and under the law their securities would be eligible for loans.

My criticism and complaint is that the bill has discriminated against those who are engaged in the production of perishables, and there is no occasion and no reason why that discrimination should exist. I suggest the remedy to correct that discrimination by proposing that a mortgage upon real property used for producing and in connection with the production of agricultural products shall be made eligible as a collateral along with the other character of securities enumerated in the measure. This bill does not go so very much further than the Federal reserve law at the present time on the question of making eligible for rediscount farmers' securities.

Under the present Federal reserve law notes based upon advances for agricultural purposes, which are made payable within six months, are eligible for rediscount by the Federal reserve banks. That is the law at the present time. What does the pending bill propose? The pending bill proposes that if warehouse receipts are appended, or there is a chattel mortgage upon staple agricultural products, then the security will be acceptable if it is not made payable for a period of not exceeding nine months, but unless the security furnished to obtain a loan for agricultural purposes is secured by warehouse receipts, by chattel mortgage upon staple agricultural products, or upon cattle—and provisions making cattle good security are always put into such bills, and I am glad of it—unless that condition exists, then the securities are not eligible; they are not eligible under the provisions amending the Federal reserve law for rediscount purposes, and certainly are not eligible for the bank to use upon which to obtain the issuance of Federal reserve bank notes. It is provided that if this character of securities has with it a mortgage or a warehouse receipt, or a chattel mortgage upon live stock, then it is eligible for a period of not exceeding nine months and can be used as a basis for obtaining the issuance of Federal reserve bank notes.

I propose an amendment, now on the desk, adding another clause, to the effect that a mortgage upon real estate used for the producing, or in connection with the producing, of agricultural products shall come within the same class of securities. If we adopt that, then we will extend a credit to those engaged in the production of perishable products, and it will in no wise jeopardize the stability of our financial institutions or impair the usefulness of the system, but, on the contrary, it will help to stabilize the securities, in so far as advances to the fruit grower or to the truck farmer are concerned, and it will help to stabilize and to make more useful the system of credits proposed. Without it, we have not provided ample relief to those engaged in the production of perishable products.

We can gain a little idea from comparisons in discussing this question of the stability of credits. Just think of the provision of the Federal reserve bank law dealing with what may be ordinarily termed "commercial" paper. Under the present law all that is necessary is for the bank to pass upon the security offered in connection with ordinary commercial transactions, and that security, when accepted by the bank and offered by the bank, is eligible for rediscount, provided it is for a period of not over 90 days, in certain transactions, and six months in transactions affecting agriculture. Those securities at present under the Federal reserve bank law are eligible for rediscount and constitute security upon which Federal reserve bank notes may be issued, and no mortgage or warehouse receipt is required. But when you come to consider the financial needs of agriculture some say that you are departing from safe financial paths whenever you say that even a mortgage upon real property for advances or loans made to carry on agriculture is not secure and should not be made eligible for rediscount at your farm loan bank.

I am at a loss to understand why it is that if this character of security is good for six months, even to be used for the purpose of obtaining an issuance of Federal reserve notes, which, of course, are money, the next day afterwards, or seven months, or eight months, or nine months afterwards, the same security is not stable and should not be recognized. That is what the pending bill means, however.

A fruit grower or truck farmer can go to the bank, without this bill becoming a law, and can borrow $1,000 for six months, if the bank is willing to lend it to him. He does not have to give a mortgage. His note for the $1,000, payable in six months, in the hands of the bank is eligible under the existing law for rediscount purposes with the Federal reserve bank. It is also eligible as security upon which the bank may obtain an issue of Federal reserve bank notes. If that security is stable for six months, then I can see no logical reason why the farmer should have no privilege of having it used for the interval between six months and nine months, as is prohibited by the bill now pending.

This bill denies to him nine months' credit unless he gives warehouse receipts or chattel mortgages upon staple products or live stock. But where he is engaged in the production of nonperishables he is barred against a nine months' loan, even upon a mortgage.

It is plain this bill extends to him no benefits or privileges which he does not enjoy under the existing law, and I agree with the Senator from South Carolina that the time should be extended to 12 months as the maximum limitation upon loans instead of limited to nine months, as now provided in this bill. No system is provided which will accommodate itself to the needs of agriculture when loans are limited to nine months. Every farmer will agree with my statement. Many farmers desire loans for 12 months. Some of them might borrow two or three months before it is absolutely necessary; but the farmer does not want to go along, groping in the dark for two or three or four months, not knowing whether he is going to have money to carry on his farm operations or not; and a great majority of the farmers try to make their financial arrangements, where they have not means of their own with which to operate, at the beginning of the planting season. Yet, under this bill they are restricted to nine months.

I could not help noticing a difference when it came to the question of writing a clause in the bill to take care of bills of lading, bills of exchange, drafts, and securities of that character, based upon exports and imports, used in foreign trade. The period is six months in the case of that class of paper on a character of business that is constantly going on, day in and day out, and in which they should have several turnovers in six months, you might say. Yet they give them a credit of six months and make their paper eligible, but want to restrict the farmer's paper to nine months when in all reason he needs credit for a longer period. If that character of paper is entitled to six months' credit, then a farmer is certainly entitled to 12 months' credit. I am heartily in favor of the amendment offered by the Senator from South Carolina [Mr. SMITH] and feel that it should be adopted. If we do not adopt it, we will not be meeting the needs of agriculture; we will not be endeavoring to our uttermost to establish a system of finance that will be applicable to the status and condition of the farmer, and why should we not do so? I have not heard anybody upon this floor give a good, sound, logical reason why we should fail in doing our duty by America's millions of farmers.

I think the farmers of this country—call their friends "blocs" or whatever you want to call them—are entitled to make some suggestions and give some advice and counsel regarding what they need in their industry, and I do not think there is any reason why their friends should be criticized because they stand up and try to bring about legislation which will meet the demands of the industry in which they are engaged. I find others representing the railroads—the big corporations and the big interests of the country. To what bloc do they belong?

Mr. SMITH. Mr. President, if the Senator from Florida will allow me, if the notes secured by the things the farmer produces in the form of staple agricultural products are eligible as the basis for the issuance of Federal reserve notes, why should the farmer not be entitled to a lifetime for those Federal reserve notes commensurate with the peculiar character of his business,

in view of the fact that he produces the commodities upon which the currency can be issued?

Mr. TRAMMELL. He produces the commodities, and whatever prosperity we enjoy in this country comes first through the industry and the labor and toil of the man who tills the soil. He is the creator in the development of wealth, and without him we could have no prosperity, we could have no industries in which others could engage and accumulate and make their fortunes and others obtain a livelihood.

It is a very peculiar thing that the farmer has been neglected so long. I do not say that we should do anything for the farmer but treat him fairly and justly. Give him a fair deal is all I ask. A few years ago if one talked about doing justice by the farmer, there was always a cry of paternalism, and even yet some would ignore the rights of those who produce the food and the raiment for the more than a hundred million citizens of the Republic.

My position is that we should formulate a financial system that would meet the conditions surrounding the farmer's business, just the same as we do when we come to deal with the commercial or manufacturing interests of the country. I have found that the commercial and manufacturing interests of the country and the bankers to a large extent usually get what they want in the way of legislation. Legislation to a very large extent is written in accordance with their suggestions. In dealing with the transportation companies of the United States the railroad law, which a majority of Congress passed in 1920, met very largely with their approbation. They were busy looking after the situation and finally had a law enacted that met to a very large extent their wishes. I am proud to say I voted against this law.

At that time when it came to the question of providing financial assistance, there was no restriction, no suggestion that the railroads should not have more than $1,000,000 for each road or $2,000,000 for each road, and that the money should be used only for the purpose of meeting losses.

The Congress very beneficently extended loans to the railroads of the country out of the Public Treasury amounting to something like $700,000,000 or $800,000,000, and yet some people do not want us to provide for, say, $120,000,000, $150,000,000, or $200,000,000 of credit—not providing the money, but merely providing the credit—to make secure a banking system for the purpose of aiding the agriculture of the country. No one offered any criticism particularly about loaning the railroads of the country $700,000,000 or $800,000,000 based upon collateral that was not as good collateral and not as good security as that which would be furnished by the average farmer of the country when negotiating a loan.

I have proposed an amendment to the provision providing that $5,000,000 shall be authorized for each of the farm loan banks. I have proposed that it be amended to increase the amount to $15,000,000 for each bank. My idea is to fix a liberal latitude or margin in the amount. The capital stock is not to be paid for by the Government except as the money is needed, therefore if we fix it at $15,000,000 instead of $5,000,000, and the bank only needs $5,000,000, the Government would not be called upon to finance to the extent of more than the amount needed. On the other hand, if under the provisions of the bill there should be a demand for $12,000,000 by a given bank, and if we have restricted the capitalization, so far as the Government taking stock in it is concerned, to $5,000,000, then the bank would be absolutely unable to meet the demands and requirements upon it which have been authorized under the bill. So I have proposed an amendment providing that the capital which is to be secured for it by the Government shall be $15,000,000.

Mr. President, I approve of the purpose and the object of a system to provide farm credit. For many years I have advocated a revision of our banking laws looking to the expanding and enlarging of our banking system to such an extent that it would accommodate the agricultural interests of the country just the same as it has accommodated and facilitated the commerce of the country. I do not feel that the pending measure has gone as far as the conditions of agriculture require, but half a loaf is better than none at all. I realize that even in its present form the bill will accomplish a limited amount of good. For that reason, while I have criticized and suggested improving several of the provisions of the bill, it is my purpose to support the measure on account of the limited benefit that will result to our agricultural interests. But I think there is no reason why the bill should not be perfected so as to meet the conditions of those who are engaged in the production of perishable products when ample security can be given.

I trust that Senators will seriously consider the point I have raised upon this particular feature of the bill. If we leave it unamended, the fruit growers and truck farmers will be barred absolutely from any opportunity to get credit, through a cooperative association or any organization of their own, directly from a farm-loan bank. They would be left exclusively to the facilities afforded them through the local bank and could only obtain such indirect benefit under the provisions of the bill as might come to them through their local bank.

Mr. President, I have no criticism to make of our banks in general. I think that the banks of the country, considering the demands upon them—I know in my State it is true—have displayed a spirit of cooperation and sympathy to a very large extent for agriculture, and within all reason most of them have tried to assist agriculture by giving the necessary credits. I do not anticipate that under the bill there would be any disposition other than that of cooperation and assistance toward agriculture on the part of local banks in Florida. But it does seem, if we are trying to establish a system to furnish farm credits, that we should not leave without the provisions of that system a very large and necessary class of those engaged in agriculture, and that we should not deny them, when they are in associations and cooperating, the privilege of furnishing their credits to the farm-loan banks.

I have proposed not only the amendment which I sent to the desk on yesterday but several others to-day, with the hope that they may be adopted and that we will give to all engaged in the agricultural industry, whether producers of perishable or nonperishable products, the same fair and just consideration.

RAILROAD RATES.

Mr. CAPPER. Mr. President, I desire to present for the consideration of Senators this joint resolution of the houses of the Kansas Legislature, now in session:

Whereas the Interstate Commerce Commission in its various decisions has construed the transportation act as enlarging its jurisdiction over questions involving intrastate rates, fares, and charges, and has recognized as the controlling element in such decisions the revenue needs of the carriers in a particular group without particularization or definiteness as to the extent of discrimination between persons, companies, firms, corporations, or localities, which was the extent of its jurisdiction prior to the transportation act, as evidenced by court decisions: Now therefore be it

Resolved by the Legislature of the State of Kansas, That we urge our Senators and Members of Congress to use their influence and best endeavor to have the transportation act amended, restricting the jurisdiction of the Interstate Commerce Commission over matters involving intrastate rates, fares, and charges to that exercised under the interstate commerce act and prior to the passage of the transportation act.

Resolved further, That we urge our Senators and Members of Congress and all other Members of the Congress of the United States to support Senate bill 1150, introduced by Senator CAPPER, and House bill 7947, introduced by Representative HOCH, which bills provide for the amendment of the transportation act and limit the power of the Interstate Commerce Commission over matters involving intrastate rates, fares, and charges to that formerly exercised by that body prior to the passage of the transportation act.

I also desire to present a resolution adopted by the Kansas-Missouri Hardware and Implement Dealers' Association, Kansas City, Kans., January 18, 1923:

Resolved, That freight rates on farm products should be reduced to pre-war levels, and increased credits and lower rates of interest would enable the farmer to refund his indebtedness, liquidate his losses, and finally pay out.

I am aware, Mr. President, that it is unlikely that this Congress will be able to turn its attention to the transportation problem. I am also aware, Mr. President, as everyone in the least advised as to our domestic economic situation must be, that the next Congress must not only consider the transportation question but must find a solution for it in the interest of the whole people. In my opinion transportation will be the big question before the Sixty-eighth Congress. The present high plane of transportation rates is an embargo on the prosperity of a vast majority of our people.

Mr. President, railroads rank second to agriculture in the industrial procession of the United States. A small second at that. Both outrank manufacturing. Railroads and manufacturers prosper. Agriculture fights for its life.

In 1922 railway net operating incomes increased $145,000,000. Operating expenses decreased nearly $140,000,000. Julius H. Parmelee, director of the bureau of railway economics, is authority for this statement. Forty railroad systems show earnings in excess of the 6 per cent fair-return standard fixed by the transportation act. The Interstate Commerce Commission, responding to a resolution of inquiry introduced by me, so reports.

Last year the people of the United States paid the railroads $5,500,000,000. This is almost twice as much as the National Government cost them.

As for the manufacturers and corporations, the flood of stock dividends, the usual cash dividends, and the more than a few extra dividends prove their prosperity.

During this time and for more than two years and a half the farming industry, biggest industry of all, has been fighting for existence. It has been producing, usually at a loss, sometimes at almost a total loss, selling at next to pre-war prices, and paying higher-than-war freight tolls to reach its markets.

In some quarters we are blamed for insisting that the tail has been wagging the dog long enough; that freight rate reductions not only are necessary to get agriculture on its feet but that the roads can not longer afford to refuse rate reductions in the interest of general prosperity. We are also blamed for insisting that we can not have fair and equitable rate making until section 15a, the rate-making clause in the Cummins-Esch Act, is repealed. Yet this is absolutely the case.

Mr. President, I am not a railroad baiter. I want the roads to prosper and to obtain a fair return on their capital. But I know they are endangering their own welfare and the country's so long as they delay these reductions. Some one must keep this truth before Congress and must talk plain talk about it.

My recent remarks in this Chamber on rate reduction and the repeal of the rate-making clause brought a storm of criticism from that section of the press which holds a brief for the railroads—the railroad magazines and a few of the big city papers. While these criticize, excessive rates are driving farmers to the wall. These unjust rates stand between the farmer and his markets, between the farmers and the only means a majority of them have for obtaining ready money. Knowing this, the American Farm Bureau Federation said at its recent annual convention in Chicago:

> We demand the further reduction of freight rates until they shall be brought into proper working relation to the purchasing power of farm crops.

One of these critics, the New York Commercial, attempts to show that a substantial reduction of rates would benefit farmers to the extent of only 1 per cent of their expenses.

A farmer's returns come from what he gets for his output. This is what militates so viciously against him now. When freight charges alone take 10 to 20 per cent from gross prices, which scarcely meet the cost of production, no sort of juggling with figures can soften the blow. Freight charges do this and often more on long hauls. The farmer more often than not is a long-haul shipper. Kansas, for instance, produces more than a bushel of wheat for every man, woman, and child in the United States. The price the Kansas wheat raiser gets for his wheat delivered is the market price at destination less the freight he has paid. What is left is what he gets for his grain. Often he does not get the cost of production.

It costs a farmer twice as much to ship a carload of apples as it does a coal operator to ship a carload of coal the same distance. The farmer receives for his apples less than the cost of production, while consumers in cities pay 10 cents each for the fruit.

Here is a commission man's table showing what the apple and potato grower get out of the selling price of their crop and how much more the railroads charge for shipping it. Figures also are given for coal. It is a highly instructive table:

Commodities.	Received per ton.	By producer.		By railroad.	
			Per cent.		*Per cent.*
Apples	$33.00	$15.00	45.5	$18.00	54.5
Potatoes	22.00	10.00	45.45	12.00	54.55
Coal	11.25	5.50	48.8	5.75	51.2

Prominent among those who have taken issue with my position on this vital question of transportation and the need of rate reduction is W. B. Storey, president of the Santa Fe. In a letter to me taking exception to my remarks in the Senate a few weeks ago on this question, Mr. Storey suggests that heavy traffic does not necessarily imply heavy earnings. Mr. Storey's letter was given to the Associated Press and was widely published. In this letter Mr. Storey goes on to say:

> You speak of enormous business being done by the railroads and suggest that they divide their prosperity with the farmer. * * * I can say definitely that if 4 per cent is all that can be earned in a year of heavy business like this the railroads will necessarily have to postpone still further the day when they can furnish adequate facilities to move the farm products of the country.

In my remarks a few weeks ago I cited a number of roads in the same class as the 40 since reported by the Interstate Commerce Commission that were earning more than their regular dividends. The Wall Street Journal of December 14 announced that the Michigan Central had declared an additional dividend of 6 per cent and its regular semiannual dividend of 4 per cent. This road declared dividends of 14 per cent net for 1922, compared with 6 per cent for 1921, although that year it earned 41.23 per cent net on its capital stock.

Regular dividends of 7 per cent annually are being paid by the Great Northern Railway. I learn from a circular advertising an issue of gold bonds by this company that in no year during the last 10 has this road's income been less than twice the charges, and that it has averaged about 2¾ times all charges. As stated, its income from its Burlington holdings includes only the cash dividends received on the company's holdings of Chicago, Burlington & Quincy stock, "although the Burlington's earnings were more than 50 per cent in excess of the dividends paid."

The income of the Southern Pacific is reported to have averaged more than twice all charges for the last 10 years and to have amounted to 2.24 times the charges in 1921. In the year 1922 the net railway operating income of this road was nearly $10,000,000 greater than in its highly prosperous preceding year.

The Delaware, Lackawanna & Western has paid dividends of 20 per cent or more for many years, and is still paying them.

In addition to the 40 or more railroads reported by the Interstate Commerce Commission as earning more than the 6 per cent fair-return rate, the big Pennsylvania system, Wall Street reports, will show earnings for 1922 in excess of 6 per cent on its capital stock, exclusive of a special dividend of 20 per cent declared by the Pennsylvania Co. in December, amounting to $16,000,000. The Pennsylvania was included among the roads whose returns did not show any excess earnings based on claimed valuation in the recent report of the Interstate Commerce Commission to the Senate.

Another road, the Richmond, Fredericksburg & Potomac, declares a 100 per cent "dividend obligation," a form of stock dividend.

The roads have done the biggest year's business in their history despite the high rates. Business could pass these costs on. The farmer could not. He had to suffer. The number of cars loaded with all commodities other than coal during 1922 was the greatest in railroad history, exceeding by 16 per cent the total for 1921 and surpassing by 3½ per cent that for 1920. This statement is made by the car-service division of the American Railway Association.

The roads handled 36,265,178 cars of revenue freight other than coal, compared with 31,347,816 in 1921, and 35,036,022 cars in 1920, hitherto the biggest year's business ever done by the railroads.

Loading of agricultural products also was the heaviest on record. Two million four hundred and sixty-seven thousand three hundred and fifty-eight cars were loaded with grain and grain products alone. This is an increase of 7.61 per cent over 1921 and 34 per cent over 1920.

Live-stock loadings for 1922 were 1,637,923 cars, which is 9.42 per cent more than 1921 and 5.44 per cent over 1920.

In shipments of merchandise and miscellaneous freight 1922 established a new record, with a total of 27,143,591 cars. This is an increase of 3,297,193 cars over 1921 and of 1,619,674 cars more than 1920.

The five months' mine strike cut coal tonnage to 93 per cent of the year before—a good showing for the roads. Their revenue coal shipments totaled 7,448,341 cars for the year. This effort of the railroads to meet the needs of the country for coal during the time the autumn grain movement was on cost the farmer dearly.

Although in normal years freight traffic on railroads shows a marked decline after October 15, the roads did a record-breaking business all fall. And for the month of December, 1922, as reported by the car-service division, the loading of all classes of revenue freight, including coal, was the greatest for that month in railroad history, and exceeded by nearly 25 per cent the total for December, 1921. Coal loadings for the month showed an increase of 46.2 per cent over December, 1921, while merchandise and miscellaneous freight increased nearly 14 per cent. This followed the heaviest November traffic in railroad history.

President Storey criticizes my reference to the rapid growth of the Santa Fe's surplus, saying I did not say "this surplus was not cash, but had been put into enlargements and into additional lines of equipment."

What I did say was that the Santa Fe in 1921 put $4,000,000 more out of that year's earnings into maintenance of the system and its equipment than was actually spent in operating the road, and still had earnings after deducting all charges, taxes, and interest, of 13 per cent on the common stock. I also said that in seven or eight years the Santa Fe had trebled its surplus, after regular dividend payments, notwithstanding its prodigious expenditures for upkeep. For 1922 it

looks as if the Santa Fe will have put $100,000,000 out of earnings into upkeep alone, besides paying its dividends and adding a neat sum to its surplus.

Mr. President, since Mr. Storey is disposed to take exception to my previous remarks about excessive maintenance expenditures by his road, a splendid system, one of the best equipped and most efficiently managed railways in the country, let us examine briefly these maintenance charges. The facts I present are taken from the records of the Interstate Commerce Commission and from the records of the Public Utilities Commission of the State of Kansas. Mr. Storey nor any railway advocate or apologist can impugn the record obtained by these public fact-finding agencies. These commissions have but two sources of information. These are railroad records and books of account and the testimony of railway officials. During the first nine months of 1922 the Santa Fe spent 53.48 per cent of its entire total operating expense on maintenance. In the like period of the years 1914, 1915, 1916, and 1917 it spent 47.35 per cent on maintenance. The Santa Fe is and was at all times during the period under review one of the best managed and efficiently operated systems in the country. The conclusion is logical that this increase in maintenance is a cover for excessive earnings. The Santa Fe frankly says it has no intention of paying the Government a cent of these excess profits. It says that the part of the Cummins-Esch Act which requires such payment is unconstitutional. The provision of the act which enables the roads to mulct the farmer and the shipper of excessive toll that make these excess profits possible is, of course, entirely constitutional—good law, and above all else good business—for the railroads. These maintenance figures showing the increase in such charges by Mr. Storey's road lead to the conclusion that the Santa Fe is determined to play safe and defeat a possible court decision upholding the provision of the Cummins-Esch Act that requires payment to the Government of half the excess above the fair-return standard. It plays safe by charging these excesses to maintenance. In an illuminating address on January 11 before the Kansas State Board of Agriculture, Clyde M. Reed, chairman of the Kansas Public Utilities Commission, discussing the need of reduced transportation charges and particularly this question of maintenance, confirmed everything I have claimed as to the increased earnings of the carriers and the conditions which justify a material reduction in rates. He said:

> The most prominent example of abnormal and extraordinary, not to say unreasonable and extravagant, maintenance expenditures among the western roads was on the Atchison, Topeka & Santa Fe. During the first nine months of 1922 the Santa Fe spent 53.48 per cent of the total operating expenses on maintenance, as compared with 42.82 per cent during the same period in 1921, and as compared with 47.35 per cent during the years 1914, 1915, 1916, and 1917. The Santa Fe has been for many years a well-managed and well-maintained railroad. The simple fact is that at this time its earnings are so great that it is hiding them in every conceivable manner as against the danger of possible recapture by the Government under the provisions of the Esch-Cummins bill. The Santa Fe Railway very frankly states that it has no intention of giving in any portion of its earnings to the Government. There is no secret made of its intention. It believes and claims that that provision of the law is unconstitutional. Of course, all of the provisions which are in its favor are constitutional. This provision happens to be in favor of the public, and measures in favor of the public are more frequently "unconstitutional" than those which are not. The Santa Fe, however, is taking no chances. When the Government finally gets around to trying out the question of excess earnings there "won't be no excess earnings" on the Santa Fe any more than there was to be a core in the little boy's apple.
>
> This is not a new experience for the Santa Fe Railroad. In 1920 it charged $11,000,000 more against operating expenses for "maintenance" than it spent. The 1920 figures, month by month, as represented by the Santa Fe Railroad to the Interstate Commerce Commission were as follows:

January	$1,678,004	July	$2,638,157
February	1,996,378	August	9,846,123
March	2,743,980	September	3,795,041
April	2,682,650	October	3,795,040
May	2,715,320	November	3,795,040
June	2,700,185	December	3,795,041

> One has only to look at those figures to understand that something is wrong. When you bear in mind that August, 1920, was the last month of the Government guaranty, and this was not a so-called but an actual guaranty, the motive of the railroad becomes apparent.
>
> It may be in accordance with railroad ethics to make such outrageous charges under a Government guaranty, but it leaves the impression upon the average citizen that something is radically wrong.

Some of the roads, Mr. President, are spending so much for improvements that the charge is made they are "silver plating" their properties. For instance, the Union Pacific spent $45,000,000 last year and will spend $20,000,000 this year for equipment and improvements alone. This year 27 roads are to spend more than $350,000,000 on these two items. The New York Central will expend $83,000,000.

Mr. President, I am not criticizing such expenditures. The point is simply this, that whether these large earnings are put back into the system or invested in securities or deposited in cash they are earnings none the less, and they are excessive earnings. If the surplus is invested in "enlargements and additional lines and equipment," the surplus then participates in producing still more earnings.

Not a dollar of these excess earnings above the 6 per cent fair-return standard, netted by probably 60 railway systems under the rate clause of the Cummins-Esch law, has been paid to the Government. This law expressly provides that half of the excess above 6 per cent must be paid into the Federal Treasury for the benefit of the weaker roads.

Commenting on that part of my remarks in which I specifically mentioned a number of roads that were handsomely exceeding their dividend requirements, the New York Herald says the roads have not earned even 4 per cent under the so-called guaranty.

The Herald refers to the earnings of all the roads, which under the valuation fixed by the Interstate Commerce Commission show a net return of 4.05 for the old year. The commission itself says that 40 railroads have reported earnings in excess of the 6 per cent fair-return standard, and intimates when actual valuation of all the roads is arrived at the number may be larger. The commission also says that not one of the 40 big roads, nor a number of the smaller roads whose earnings are in excess of the fair-return standard, have paid any of this surplus to the Government. This is required by the law to equalize the returns of the poorer roads.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Does the Senator from Kansas yield to the Senator from South Carolina?

Mr. CAPPER. I do.

Mr. SMITH. Has the Senator a tabulation showing the total mileage of the 40 roads which have earned in excess of the 6 per cent?

Mr. CAPPER. No; I have not that information, I will say to the Senator from South Carolina. The Interstate Commerce Commission submitted to the Senate about two weeks ago a very interesting report as to the excess earnings of the railroads and the failure of the carriers, even though it is three years since that provision of the law became effective, to make any return to the Government under the fair-return standard.

Mr. SMITH. I have not seen the report to which the Senator refers. Does it give the names of the roads that have made excess earnings?

Mr. CAPPER. It does. The report has been printed as a Senate document, and the Senator from South Carolina will find it exceedingly illuminating upon this subject.

Mr. SMITH. I am sorry the Senator did not incorporate at the point where he has discussed the subject the total per cent of railroad mileage operated by the 40 roads which have earned in excess of 6 per cent. Those who have the privilege of reading his remarks naturally will want to know what per cent of the total railroad mileage in this country was earning that rate.

Mr. CAPPER. The trouble is the Interstate Commerce Commission made a report only as to those roads for which it has completed the valuation figures. The other information is still to be obtained. It states, however, that there are at least 40 roads which have earned in excess of 6 per cent and have failed to make return to the Government.

Mr. SMITH. I do not recall the exact provision of the law, and will ask the Senator whether it requires that the valuation of the roads shall be completed before the estimate of earnings shall be made public?

Mr. CAPPER. The law says that the Interstate Commerce Commission shall take into consideration the valuation fixed by that body.

Mr. SMITH. I thought, perhaps, that was true, and that would cause some delay in the case of some roads the valuation of which has not as yet been completed by the commission. I believe the Senator said that the Interstate Commerce Commission indicates that it may appear that other roads, in addition to the 40 reported, have also exceeded the 6 per cent?

Mr. CAPPER. The report of the commission does indicate that fact. It is but a partial showing. None the less it serves conclusively to sustain my contention that freight rates are excessive and can be reduced in the larger interest of the roads themselves and the country at large, and the great agricultural industry in particular. The commission reported only on roads which it has tentatively valued under the valuation act. Among these it makes plain that 40 roads have made earnings in excess

of the fair-return standard. Of these but 12 are class 1 roads. These 12, according to the commission's report, show excess earnings of more than $15,000,000. The really big roads of the country, Mr. President, are not included in the report. The amount due the Government will be increased many times when we get the reports of the big roads, like the Santa Fe, the Burlington, the Union Pacific, and the Lackawanna.

This is a frank confession that the farmers of the great productive regions of the United States, taking into consideration the prices received by them, are heavily overcharged for transportation. It is an admission that the entire agricultural, prosperity making area of this country is under the blight of excessive and, in many cases, prohibitive freight rates. These regions are compelled to pay this excessive toll to overpaid, highly prosperous railway systems, so that the much less important, poorly conducted, or inefficiently managed roads may be sustained in their inefficiency.

Some few of the smaller roads have paid a paltry $42,000 into the Treasury under this clause of the act. These payments came from some of the smaller roads, roads which apparently are not equipped with legal departments to tell them this part of the law is unconstitutional. In the main this provision of the law is openly violated and nothing is done about it.

The repeal of section 15a of the Cummins-Esch Act, says another one of my newspaper critics, would remove the limitation of railroad profits. We have just seen how this section of the transportation act utterly fails to limit profits and how completely it works to an exactly opposite end.

Mr. President, the vice of section 15a lies in the fact that it attempts to provide a fixed return to be earned upon the aggregate value of all railroad properties, good, bad, and indifferent. Virtually this valuation is based upon the present cost of reproducing the lines. The result is that no matter how worthless a road may be, it is considered entitled to earn 5½ per cent on what it would now cost to rebuild it. For example, the Atlanta, Birmingham & Atlantic, now passing through its second receivership in less than 10 years, can not earn its operating expenses; but the Interstate Commerce Commission announces a tentative valuation of $25,000,000 for this road. Under section 15a that $25,000,000 is added to the valuation on which the public must pay a return in the shape of freight rates. This means that all the southern roads in that rate group are permitted to charge rates based on their own value, plus the $25,000,000 valuation put on this worthless road.

This road was built, as many other such roads were built, for speculation and stock jobbing. So that these worthless roads may earn what they never have been able to earn and never will be able to earn, the Interstate Commerce Commission in several instances has refused the requests of prosperous roads to lower their rates.

The railways are entitled to credit for economies they have effected during the past year or two, but still further saving can be made. Reports to the Interstate Commerce Commission show that five railroad executives are receiving a combined salary of $424,670, or an average of $84,934 each per year. I believe these salaries are too high.

Depriving the State railway commissions of virtually all control over State rates has led to increasing State rates which already were giving a State's carriers an ample return to a higher figure, so that they might earn dividends for several lame-duck, stock-jobbed roads in another State.

In most instances these "lame-duck" roads are notorious for their financial failure. In some cases they were originally built to serve some mining or lumbering areas, and the mines have been worked out and the regions denuded of saw timber, and the traffic now originating in the territory served is inadequate to provide profitable operation of the roads. To care for these roads the rest of the country must endure rate extortion. Then, as we have seen, these strong, profitable carriers refuse to give any part of these surplus earnings to the Government for the support of these "lame-duck" roads.

This rate-making farce is proving costly to the country. It places an embargo on free movement of the products of the Nation's greatest producing industry. Thousands upon thousands of acres of crops have rotted, instead of being added to and increasing the country's prosperity. Neither can an Interstate Commerce Commission immured in Washington, and completely out of touch with State and local conditions, by any possibility act promptly or fairly on the innumerable rate problems constantly arising in 48 States. It is swamped with work at this moment, with no possibility of adjudicating a hundredth part of the transportation questions continually arising.

Mr. President, section 15a of the Cummins-Esch Act has proved a dangerous and impossible makeshift. The sooner we repeal it and give State railroad commissions more control over intrastate rates and coordinate power to adjust such rates fairly, the better it will be for the roads and for the country. It will end most of these excessive rates and make possible the return of prosperity.

RURAL-CREDIT FACILITIES.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States; to amend the Federal farm loan act; to amend the Federal reserve act; and for other purposes.

Mr. SWANSON. Mr. President, I desire to offer an amendment to the bill.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 7, line 20, after the word "increased," it is proposed to strike out "by an amount not to exceed $5,000,000"; and on page 8, line 2, after the word "capital," it is proposed to insert the following:

Provided, That the subscriptions to such additional capital on behalf of the United States shall at no time exceed in the aggregate to all said banks $60,000,000, and no farm-loan bank shall receive an increase in capital of more than $10,000,000.

Mr. SWANSON. Mr. President, the purpose sought to be accomplished by this amendment is this:

Under the pending bill, $5,000,000 capital is required for each bank. That is made imperative. Then there is an additional fund of $5,000,000 which under certain conditions can be subscribed to its capital stock. That additional $5,000,000 will not be needed in some sections. I doubt whether in four or five of the sections the increase will be asked for. This amendment is to allow the money to be subscribed in the sections of the country where it is needed for agricultural purposes, and the amendment would permit the banks in some of the districts in the agricultural sections of the West and South to have a capital stock of $15,000,000 out of this fund.

Mr. SMITH. Mr. President, the Senator provides in his amendment that out of this practical reserve fund, as we may call it, a bank, instead of having a maximum of $10,000,000 capital stock, as the law now provides, may in an emergency go as high as $15,000,000?

Mr. SWANSON. That is correct. I understand that the junior Senator from Wisconsin is willing to accept the amendment.

Mr. LENROOT. Yes, Mr. President. As I understand the amendment, it leaves the maximum increased subscription exactly as it is in the bill; but under the bill no single bank could receive an increase of more than $5,000,000. The effect of this amendment is to make the total possible capitalization of a land bank $15,000,000, in the discretion of the Farm Loan Board and the President of the United States; but in no event can the total subscription exceed the amount now named in the bill.

Mr. SWANSON. That is true. That is the purpose of the amendment.

Mr. GLASS. Mr. President, did the Senator from Wisconsin exactly state the case?

Mr. LENROOT. As I understood it, I have. If I have been misinformed, I may not have done so.

Mr. GLASS. As I understand, the bill as reported authorizes an increase in the capital of these divisions of the land banks aggregating $60,000,000, which is apportioned in the bill $5,000,000 to each bank. The amendment proposed by my colleague is designed to mobilize the entire $60,000,000, so that as much as $10,000,000 in addition to the original capital may be apportioned to any one of these banks which requires that fund for its purposes.

Mr. LENROOT. That is true; but the entire $60,000,000 additional does not need to be subscribed at all.

Mr. GLASS. No. It may be, for example, that a land bank at Springfield, Mass., would not need a dollar of the fund, and that a land bank somewhere else in the agricultural districts of the country would need, say, $10,000,000 additional; so that the bank where the need is greatest might get this $10,000,000 in addition to its $5,000,000 of capital, making $15,000,000.

Mr. LENROOT. So I understand it. That is the way I thought I stated it.

Mr. SWANSON. That is what the amendment accomplishes. I understand that the Senator accepts it.

Mr. LENROOT. Yes; I have no objection to it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Virginia.

The amendment was agreed to.

Mr. SMITH. Mr. President, I shall not ask for a vote on these amendments this afternoon; but I offer the amendments which I send to the desk, one to the present Federal reserve

act, to be incorporated in this bill—it is an amendment to this bill, and the place is indicated—and also an amendment to the text of the present bill, in the last paragraph. I ask that they be printed and lie on the table, because I want to take them up, if possible, when we come to vote on the amendments, as I presume we will do to-morrow, and repeat what I said in my talk of yesterday. I think it is a mere gesture to talk about nine months, because, if it is necessary to have a pole 10 feet long to knock down a persimmon, an 8-foot pole is just as ineffectual as a 1-foot pole would be. If you do not get the persimmon, you have no use for the pole.

The VICE PRESIDENT. The amendments will be printed and lie on the table.

WAR DEBT OF GREAT BRITAIN TO THE UNITED STATES.

Mr. McKELLAR. Mr. President, this morning for the first time, I believe, an exact statement was published as to the proposed terms of the debt-funding transaction:

First. Interest on the debt from the time the loans were made in 1917 up to the present time to be reduced from 5 to 4¼ per cent, the minimum rate prescribed under the debt-funding act.

Second. Interest on the principal and accrued interest due at this time for the first 10 years shall be 3 per cent and thereafter 3½ per cent until the debt is liquidated.

Third. Interest shall be paid each year as it accrues on the full amount of the debt remaining due.

Fourth. Annual payments shall be made on the principal, beginning at $20,000,000 to $25,000,000 a year and increasing in amount every three to five years, so that the entire debt will be liquidated in 60 years.

Mr. President, assuming that this debt is $4,700,000,000, as is commonly reported—and it is about that amount—it will be remembered that we now hold obligations of Great Britain for the entire indebtedness, bearing 5 per cent interest. Mr. Baldwin on his return home said that this was a double-riveted obligation, or words to that effect. The interest on that at 5 per cent, by a simple calculation, is $235,000,000 per year. The Congress has already made a proposition—and, by the way, it is the only proposition that has been made or could be made—permitting its reduction from 5 per cent to 4¼ per cent, which is giving to Great Britain $35,250,000 a year, assuming the debt to run without payments on account of the principal.

That is absolutely right and fair, because in our original contract with Great Britain we agreed that the interest rate to be charged Great Britain would be exactly the same interest rate this Government had to pay for the money it borrowed; and of course no fault can be found with reducing it to 4¼ per cent, the average amount we have to pay. Congress has done that, and this is the only proposal Congress has made.

I now call attention to the fact that the yearly interest rate on the entire indebtedness, at 4¼ per cent, is $199,750,000 per year. At 3½ per cent, after the 10 years, it amounts to $164,500,000 a year. Assuming that the principal debt runs along, therefore, we will be taxing the American people, after 10 years, $35,250,000 a year for the benefit of Great Britain if this proposal goes through. For the first 10 years, when the debt bears only 3 per cent, it brings $141,000,000, and therefore we are taxing the American people during the first 10 years the sum of $58,750,000 a year for the benefit of Great Britain. In other words, we are to-day paying, on this identical indebtedness, $199,750,000, and during the first 10 years we will receive from Great Britain only $141,000,000 per year on it, a difference of $58,750,000 per year against the United States.

I want to know whether we, as representatives of the American people, have the right to give this bonus, to give this annual subsidy, to Great Britain, assuming that the principal is not paid—and anyone can see that the proposal in that regard is exceedingly indefinite—and whether we ought to tax the American people to the extent of $58,750,000 a year for the next 10 years for that purpose. Then I want to know whether we ought to tax the American people after that time to the extent of $35,250,000 a year for the remaining 52 years for the benefit of Great Britain, and especially when we now have a contract with them providing for 5 per cent interest and when we agreed in the act under which we borrowed this money that Great Britain should pay an average of 4¼ per cent interest, that being the average rate at which we borrowed. I am assuming all along that the principal debt will not be paid in the meantime.

There is a suggestion in the fourth paragraph of this proposed settlement that some of the principal will be paid as time goes on; but assuming that none is paid and that the bonds run 62 years, we will be taxing the American people during that entire period in these enormous sums—$58,750,000 a year for the first 10 years, and thereafter $35,250,000 a year for the remainder of the period—in order to make up the difference between what we pay and what is received from Great Britain. Of course, if payments are made on the principal, the interest payments will be proportionately reduced.

We went to war and won our independence on taxation far less onerous than that. We are not represented in the British Parliament, but under this agreement we are indirectly allowing the British Government to tax the American people in these enormous sums yearly, and I say taxing them, because everybody knows that the obligations we hold from Great Britain to-day are absolutely good. They are as good as wheat, as good as any nation's obligation. British bonds are selling around par, and there is no reason why this debt can not be collected in the future, and it will be collected.

As I said before, I have no desire whatever that we should collect any greater rate than that we originally agreed to charge Great Britain for the money. In the act of Congress under which we loaned the money to her we agreed that we would not ask more than we had to pay for it ourselves. Surely she can not object to that. We have been liberal with her in reducing it $35,350,000 a year, namely, from 5 per cent to 4¼ per cent, even after she has given us 5 per cent paper. Some say she is not able to pay it. Of course, we all know she is. Some say that this is a good settlement. If she is going to back out of a 5 per cent interest rate, and if she is not willing to pay 4¼ per cent, how do we know she is going to pay the 3 per cent when the time rolls around, or 3½ per cent? If she repudiates a part of it, do we not know that if she has an opportunity she will repudiate more than that? I do not believe she will repudiate any of it.

It is said over in Great Britain that our commission made this proposition. Our commission had no such authority. They went into that conference under terms of an act of Congress. They knew exactly that they had to remain within those terms in order to reach a settlement, and they had no authority to make such a proposition as this, and no authority but this Congress has the right to make any proposition. The only proposition that has been made to Great Britain is the proposition made by Congress itself, and that is to fix the rate of interest at 4¼ per cent, just exactly what we pay for the money.

Mr. LENROOT. I do not want to enter into a discussion of that proposition, whatever it may be, although I think the Senator will find that the commission has never made any proposition——

Mr. McKELLAR. I sincerely hope our commission did not make that proposition. As the Senator knows, I have been trying day after day to get a statement from the commission as to what they have done. If they have not made this proposition, they ought to tell the American people that they have not made it. I hope they have not made it. They should not have made it. My judgment is that it came from Great Britain. But the American people have a right to know. Our five commissioners are not dumb men. They are all able to express themselves. They all know what took place there, and I think they ought to come forward and give us the facts about it. There has been too much secrecy in the negotiations.

Mr. LENROOT. Mr. President, the Senator of course knows that nothing can be done without action by Congress.

Mr. McKELLAR. Of course.

Mr. LENROOT. And the Senator of course knows that when the matter comes to Congress full information will come with it, and does not the Senator think that will be the time to discuss that part of it?

Mr. McKELLAR. No; I do not for this reason: That propaganda is being spread around now; propaganda went out from this city last night that the Congress was going to agree to this proposed settlement. I do not know whether the Congress is going to agree to this proposed settlement or not. I think it will be some time before this Congress will agree to any such settlement.

Mr. LENROOT. That was not what I wished to interrupt for. I wanted to ask the Senator whether he would make the same demands upon France and upon Belgium and upon the other countries of Europe?

Mr. McKELLAR. Indeed, I think the settlements ought to be precisely the same for all nations borrowing from us.

Mr. LENROOT. How does the Senator propose to enforce the collection of the claims against those countries?

Mr. McKELLAR. We can not enforce collection, but Great Britain will certainly pay.

Mr. LENROOT. Does the Senator say that because he thinks Great Britain is more honorable than the other nations?

Mr. McKELLAR. No; Great Britain is able to pay now, and has so stated time and again.

Mr. LENROOT. Then does the Senator think that neither France nor any other country is able to pay anything?

Mr. McKELLAR. I am inclined to think they are able to pay and will pay. I make no distinction between our former allies. We ought to make exactly the same terms with France and Belgium and the other countries that we make with Great Britain; but the indebtedness of Great Britain is more important, because the settlement is imminent as between us and Great Britain, and in addition to that, Great Britain is now paying the interest on her indebtedness.

Mr. LENROOT. Does the Senator then take the position, with reference to the other countries of Europe, that he would prefer to make a demand of 4½ per cent and get nothing or adjust the difference and get money?

Mr. McKELLAR. There is no question about that at all, for the reason that their obligations to us now bear 5 per cent, and they are paying it.

Mr. LENROOT. What countries are paying 5 per cent?

Mr. McKELLAR. Great Britain.

Mr. LENROOT. What other countries?

Mr. McKELLAR. None; but it does not make any difference about the settlements of the others; Great Britain is paying hers.

Mr. LENROOT. Then, the Senator thinks no other countries can pay anything?

Mr. McKELLAR. I imagine that other countries can do it.

Mr. LENROOT. Why are they not doing it?

Mr. McKELLAR. I do not know. The Senator is just as able to explain that as I am. I do not know whether they have been requested. I understand our present administration, of which the Senator is part, has never made a request on any other Government for payment.

Mr. LENROOT. The Senator well understands that it was the previous administration which gave them three years' time without the payment of any interest, does he not?

Mr. McKELLAR. I do not know that. That has been a matter in dispute, and I do not know whether it is so or not. It should not have done it if it did. I will join the Senator on that proposition. In this connection, I want to read a statement that has just been given out, so the newspaper men tell me, by the British Embassy. I read it as it was handed to me:

The British Embassy requests publicity for the following statement with regard to the interview reported in the press as having been granted by Mr. Stanley Baldwin, the Chancellor of the Exchequer, at Southampton on his arrival there last week:

Telegraphic inquiries made by this embassy in London show "that Mr. Baldwin did not grant any interview to any representative of the press."

"On arrival he was surrounded, however, by ten or a dozen reporters, who asked innumerable questions, to some of which Mr. Baldwin replied informally. The impression which his answers created in the mind of the editor of an important London daily newspaper is indicated by the following editorial comment:

"'The Chancellor of the Exchequer has made a statement to the press about his debt-funding mission to the United States. We do not disagree with his argument, although it makes him look more like an American emissary than a British chancellor. If he would do as much to explain the British position to America as he is doing to explain the American position to Britain he might then be a useful public servant.'

"The remarks attributed to Mr. Baldwin in certain organs of the American press—that the debt had got on the nerves of the American people and that Congress would not be willing to eat its own legislation—are without discoverable foundation.

"Mr. Baldwin neither criticized nor aspersed any section of the American people. On the contrary, he sought to express his great appreciation of the kindness and courtesy which were extended to him throughout his recent visit to this country."

I have read the statement. If any public man talks to newspaper reporters on one of the most important subjects in all the world to-day and does not know that he is giving out a statement, that man needs psychiatric attention. I see no difference between giving out a statement calling Americans of the West "hog raisers" and "ignorant of international debt questions," and calling all western Senators "politicians," and saying the same thing informally. It is worse to say it informally, because it conveys just what the speaker really thinks. No doubt now Mr. Baldwin wishes he had given out a "statement," and in such "statement" concealed his real views. The explanation merely emphasizes the original statement given out by Mr. Baldwin. So much for that.

Mr. WADSWORTH. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from New York?

Mr. McKELLAR. I yield.

Mr. WADSWORTH. I was going to ask the Senator earlier in his remarks whether he understood that the average rate of interest to be paid on the United States debt would be 4¼ per cent until the maturity of the debt.

Mr. McKELLAR. That is, as fixed by Congress?

Mr. WADSWORTH. No; will the average rate of interest paid on the bonds of the American Government run about 4¼ per cent for the entire period?

Mr. McKELLAR. The Senator wants to know whether, in future funding transactions, it may not be possible for the American Government to fund its present obligations, which average 4¼ per cent, at a lower rate of interest. Is that the question?

Mr. WADSWORTH. That was one of the first questions I had to ask.

Mr. McKELLAR. I wish to say this in answer to that: That if we are able to do it, we should at the same time, in the same measure, reduce the rate of interest on the British obligations. We ought to be absolutely fair to our British friends. We ought to see to it that they get the money on exactly the same terms the American Government gets it, and I for one would be willing to have a provision in the contract to the effect that whenever at any time this Government is enabled to fund its bonds at a lower rate of interest, the British Government should have the advantage of that lower rate of interest on the bonds given us.

I am glad the Senator asked the question, because I had intended to say that in the course of what I have had to say this afternoon about the matter.

Mr. WADSWORTH. May I ask the Senator another question?

Mr. McKELLAR. Certainly.

Mr. WADSWORTH. Is our average rate of interest to-day 4¼ per cent?

Mr. McKELLAR. I only say that I have had it so stated to me by a number of men in whom I have great confidence. My distinct recollection is that the Senator from Utah [Mr. SMOOT], who is an expert in such matters, told me that the average rate of interest was 4¼ per cent and that was the reason why it was fixed at that amount in the act.

Mr. LENROOT. The Senator from Virginia [Mr. GLASS] could no doubt tell us.

Mr. WADSWORTH. I have not given the matter my personal attention, but my recollection is that a very large part of the bonded indebtedness of the United States Government brings 3½ per cent interest, and how the general average could be 4¼ per cent passes my comprehension.

Mr. McKELLAR. The Senator will remember that nearly a billion dollars of the $4,700,000,000 was loaned to Great Britain after the war was over. It came in part from Victory bonds, as I recall. I think they have been refunded now, but taking the entire bonded debt from which we secured the money, part of it was gotten at 3½ per cent, part at 3¾ per cent, part at 4 per cent, part at 4¼ per cent, I think a part at 4½ per cent, and a part at 4¾ per cent. I think some of the Victory obligations were even as high as 4¾ per cent. I will not be positive about it, but I am positive about the fact that the bonded indebtedness caused by the war ran from 3½ per cent minimum to 4¾ per cent maximum.

Mr. WADSWORTH. I do not mean to interrupt the Senator unduly, but I think he will have to revise his figures on the average rate of interest, and they will be revised downward.

Mr. McKELLAR. If that is correct, Great Britain ought to have the advantage of it. She ought not to be charged one sou more than the amount which the money costs the American people. But my proposition is that the American people ought not to be taxed an additional sum to pay the difference between the rates that we have to pay and that which Great Britain has to pay.

Mr. JONES of New Mexico. Mr. President——

Mr. McKELLAR. I yield to the Senator for a question, but I am anxious to get through.

Mr. JONES of New Mexico. I have no question to ask. I simply wanted to state my recollection of the rate of interest which our obligations bear.

Mr. McKELLAR. I shall be very glad to have the Senator do it. I have not looked it up. I am taking the newspaper statements made about it and the statement made to me by the Senator from Utah [Mr. SMOOT], who is very accurate about such matters.

Mr. JONES of New Mexico. The first liberty bonds issued were tax exempt and they were floated at 3½ per cent. The next Liberty loan bore 4¼ per cent with the privilege that if the Government should at a subsequent period issue bonds bearing a higher rate of interest, the purchasers of the second Liberty loan should have the right to exchange them, and most of the second Liberty loan bonds have been exchanged for 4¼ per cent bonds. I think there is no doubt that the rate of interest may well be said to be not less than 4¼ per cent

now, with the exception of the first Liberty loan, which is tax exempt and which bears 3½ per cent.

Mr. McKELLAR. I am quite confident in my own mind that the Senator from New Mexico is correct about it. But it is easily ascertainable and whatever the amount may be, whether it is 4 or less than 4 or more than 4 per cent, we ought to see to it that Great Britain pays us no more and no less than the amount the American Government had to pay.

Lest we forget, Mr. President, I want to quote from a recent political work written by a newspaper reporter here in Washington, by the name of Arthur Wallace Dunn. The book is in two volumes and is called "From Harrison to Harding." Mr. Dunn is evidently a Republican, and he writes from the Republican viewpoint, but it is a most delightful and entertaining book. If Senators have not read it, I suggest to them that they will pass some very pleasant and profitable hours if they will read Mr. Dunn's book in connection with the history of the recent affairs in this country. They will hardly be able to lay it down after they have started to read it.

I want to quote from pages 277 to 279 of Mr. Dunn's book very briefly, reflecting light on the particular subject as to whether we are doing the right thing by Great Britain:

About the middle of June, 1915—

Wrote Mr. Dunn—

our people learned that Great Britain was rifling our mails and that our commerce had been detained. We had been restricted from dealing with neutral countries in noncontraband articles. By orders in council Great Britain was making or unmaking international law as best suited her designs. Goods which United States merchants were not permitted to deliver in Holland, Sweden, and Denmark were sent from Great Britain, and British merchants were making large profits.

Besides rifling our mails Great Britain had been making use of our flag, hoisting it over merchant ships in order to deceive enemy ships and thus escape capture or destruction. The seizure of American ships and their detention, while mails, not only to Germany but neutral nations as well, were opened and their contents disclosed became a regular practice. American merchants began to complain that their trade secrets were thus obtained and that their customers were being taken away and turned over to British merchants. By July 18, 1915, it was shown that more than 2,000 American ships had been seized and taken into British ports.

Notes of protest were sent on several occasions, but in every case, whether concerning the seizure of ships or concerning the mails, Great Britain rejected the demands of the United States and maintained that all her acts were a war necessity.

"Dollar chasers."

Just like they are now hissing the American flag in the theaters in London, just like they are now calling Americans "money sharks" because we are not willing to reduce the rate of interest to less than Great Britain has ever paid in her history and less than was ever paid in the history of any nation in the time of war.

Dollar chasers was what Americans were called in the British and Canadian press, because objection was made to the interference with the neutral rights of American citizens engaged in legitimate commerce. Every act which was against Germany was loudly applauded and every demand upon England was denounced.

By the middle of September American cargoes valued at $15,000,000 had been confiscated. Meanwhile Great Britain was successfully floating a loan in this country and raising $500,000,000 to pay for the war supplies furnished by citizens of the United States.

The manner in which Great Britain outraged our commercial rights was notorious. She stopped our ships and confiscated their cargoes; she blacklisted our business men and arrogantly supervised our trade with the world, particularly in South America. Altogether it seemed that our grievances against Great Britain were almost as great as those against Germany, but while the English captured and confiscated American property the Germans destroyed not only American property but also American lives.

Mr. WADSWORTH. Mr. President——

Mr. McKELLAR. I yield to the Senator from New York.

Mr. WADSWORTH. Does the Senator believe all that? The Senator has advised other Senators to read the book. It all has a very familiar tone. It is the exact language and the exact kind of sermon that was preached to the United States by every pro-German. It is the same old story. The thing was hashed out time and time again.

Mr. McKELLAR. Does the Senator deny that Great Britain did any such thing?

Mr. WADSWORTH. To no such extent as described in that book.

Mr. McKELLAR. Does the Senator deny that Great Britain took thousands of our ships?

Mr. WADSWORTH. To no such extent as described in that book. The confiscation did not occur.

Mr. McKELLAR. I am giving what is in the book.

Mr. WADSWORTH. The Senator is giving what the man Dunn said, and that is an old story.

Mr. McKELLAR. It is a historical volume. Of course, I do not vouch for its accuracy. I merely submit it to the Senate.

Mr. WADSWORTH. I advise Mr. Dunn and the Senator from Tennessee to read the letters of Mr. Page, late ambassador to London, on that very point.

Mr. McKELLAR. It looks sometimes as if when our ambassadors get to London they rapidly become more British than they are American. I refer especially to the present ambassador. I think his views are to-day largely more British than they are American.

Mr. GLASS. May I inquire of the Senator from Tennessee whether he is under the impression that Great Britain is going to repudiate her indebtedness to the United States?

Mr. McKELLAR. I have not the slightest idea Great Britain will repudiate her debt. What I am asking is that the American Congress shall not tax the American people to pay a portion of the interest on the debt of Great Britain.

Mr. GLASS. If the American Congress should conclude to do that, which I do not think the American Congress will do, does that form any basis for a rather severe, if not savage, attack upon Great Britain?

Mr. McKELLAR. I say that when it comes to the statements that are being publicly made that this Congress is going to ratify before the 4th of March, without proper deliberation and consideration, as it seems to me, a proposal that we do not yet know whence it came or whether it came from Great Britain or from our own commission, a proposal wholly beyond the proposal that was made by Congress by act duly passed—when I see statements like that coming out in the press of the country, propaganda everywhere that the American people ought to tax themselves somewhere between $35,000,000 and $68,000,000 a year rather indefinitely to pay difference in interest charged, I think it is time for somebody to speak up for American rights.

Mr. GLASS. If the Congress should do that, and any criticism might properly lie against that process, it seems to me the criticism should be directed at Congress and not against Great Britain.

Mr. McKELLAR. Congress has not yet done that thing.

Mr. GLASS. Therefore, I wonder why the Senator should make a savage attack on Great Britain.

Mr. McKELLAR. I have made no savage attack on Great Britain. I have spoken about this matter for the reason that the emissary from Great Britain to this country has made a most savage attack upon this body and the Members of it.

Mr. GLASS. I do not so construe what he said. I think what he said might have been more diplomatically said, but I do not think it might have been more truthfully said.

Mr. McKELLAR. It was very much more savage than anything I have said. What I have said is backed up by reports given to the press from time to time and by what we all know to be the facts. I believe Baldwin's statement wholly incorrect.

Mr. GLASS. When it comes to casting up accounts and contrasting matters of indebtedness, I feel that there is a good deal to be said on the other side of the question. I had two boys on the firing lines in France, and I can not exactly repress a feeling of indebtedness to Great Britain that she buried about 1,500,000 of her sons to save the lives of my boys and other American boys. In short, the British fought three years for civilization before we took our place beside them in identically the same cause.

Mr. FRELINGHUYSEN. Mr. President, will the Senator yield?

Mr. McKELLAR. Certainly.

Mr. FRELINGHUYSEN. Of course, the Senator has informed himself on the transaction. Does he know whether the present rate of interest, which is 5 per cent, as I believe he stated, is added to the principal in the negotiations?

Mr. McKELLAR. My understanding is that the accrued interest is to be calculated and added at the rate of 4½ per cent in the proposal.

Mr. FRELINGHUYSEN. Under the present obligation?

Mr. McKELLAR. No; instead of the present obligation, which bears 5 per cent. They are going to calculate the present principal with interest at 4½ per cent up to the date of settlement and add that to the principal.

Mr. FRELINGHUYSEN. The Senator understands, does he not, that this, of course, would be subject to the approval of Congress?

Mr. McKELLAR. Oh, yes.

Mr. FRELINGHUYSEN. Congress will have the final say?

Mr. McKELLAR. Yes; and that is exactly why I am drawing it to the attention of Congress now. I do not think that Congress ought to permit the proposed settlement or any settlement such as we have understood would be made to be effected.

Mr. FRELINGHUYSEN. It is to be brought before Congress for final settlement in proper manner, is it not?

Mr. McKELLAR. I suppose so. The Senator from New Jersey may be on the inside and he can give us some information.

Mr. FRELINGHUYSEN. I am not on the inside.

Mr. McKELLAR. The Debt Funding Commission has been in existence for some time; it has been engaged in attempting to fund this indebtedness for some time. I have tried in every way possible to get some expression from the commission as to what has been going on, but they have made no statement. So I do not know what the commission has done. The only news that we get about the settlement comes from London.

Mr. FRELINGHUYSEN. I am not on the inside; but the Senator from Tennessee professes to know all about this transaction. He has stated that England intends to repudiate some part of her debt. Does the Senator believe that England in the proposition submitted intends to repudiate or has repudiated any of her just debts? She has honorably come here trying to settle them.

Mr. McKELLAR. Oh, Mr. President, the Senator misunderstood me entirely. He did not hear me say anything of the kind.

Mr. FRELINGHUYSEN. The Senator did not say that?

Mr. McKELLAR. Of course I did not say anything of the kind.

Mr. FRELINGHUYSEN. I am very glad to hear the Senator's denial.

Mr. McKELLAR. The Senator from New Jersey is merely mistaken about my having said anything of the kind. I said that I believed Great Britain would settle her indebtedness. She is a debt-paying nation; she can not continue to be the great nation she is unless she continues to pay her debts, and she will pay them. I have, however, said that Congress has already, of its own motion, remitted three-fourths of 1 per cent from the obligations which we held—$35,250,000 a year on the debt as it stands.

Mr. FRELINGHUYSEN. I think if the Senator from Tennessee will review what he has said he will find that he did state that England would repudiate her just indebtedness, or was trying to do so.

Mr. McKELLAR. Of course, if I said that, I must have been dreaming, and I am not dreaming about this matter. If I find I have made such a statement I certainly shall make the correction, and I will let the Senator know about it, because I never intended to make any such statement.

I have since examined the stenographer's report and find I made no such statement. Indeed, I said exactly the contrary.

I do not believe that Great Britain intends to repudiate her indebtedness, but I think she is trying to make the best trade possible, and if she can get the American Congress to assume a part of her obligations and to devote the sum of $58,750,000 a year for 10 years and $35,250,000 a year for 52 years to aid her in paying off her indebtedness, of course she is going to do it. It would be to her interest to do it, for she wants to make the best trade she can.

Mr. GLASS. Mr. President, does the Senator from Tennessee think it would be exactly fair savagely to assail Great Britain if the Congress should do that? What evil thing has Great Britain done to provoke this bitter criticism? She has not sought to escape the payment of a dollar of her honorable indebtedness to this Nation. She has held her head high in peace, just as she carried her arms gallantly in triumph in war. I do not appreciate or relish these constant attacks upon the people who were in concert with us against a common enemy.

Mr. McKELLAR. Of course, I am sorry that the Senator can not relish them, but that is not my fault, one way or the other. What I am trying to do is to give the American view of it.

Mr. GLASS. As I think, Mr. President, the Senator is not giving the American view of it.

Mr. McKELLAR. I think I am. I know I am. I know no other view than the American view.

Mr. GLASS. I think the Senator is presenting a view that is hostile to the people with whom we fought the war in concert.

Mr. McKELLAR. Oh, Mr. President, remarks like that are unworthy of the Senator from Virginia.

Mr. GLASS. The Senator is savagely assailing Great Britain merely because he apprehends that the Congress of the United States may cancel a part of the interest charge against that nation. Great Britain is no suppliant; she has not asked Congress to cancel anything. Great Britain is going to pay her indebtedness in dollars, just as she paid her obligation in blood for the cause which we assume at one time to be our cause, but which now we seem to have forgotten.

Mr. McKELLAR. No; we have not forgotten anything of the kind. Of course, it is unworthy of the Senator from Virginia to talk about my expressions being pro-German or my being pro-German. The Senator knows that I have no pro-German feeling of any kind and never have had. The Senator understands that, I am sure, and I regret that he was willing to make any such statement.

Mr. GLASS. Of course, I know the Senator from Tennessee has not been pro-German; the more am I distressed that he now has been betrayed into unfriendly criticism of our former ally in the war. What has Great Britain done to invite this sort of comment?

Mr. McKELLAR. Great Britain has sent a commission——

Mr. GLASS. From the first she has stated her purpose to pay her indebtedness to the United States. Of course, she has sent a commission here to make as reasonable terms as may be made. Is there any offense in that? The commission came at our invitation. And is the Senator going to blame Britain if the Congress of the United States shall make terms more reasonable than the Senator from Tennessee thinks ought to be made?

Mr. McKELLAR. Let me ask the Senator a question.

Mr. GLASS. It seems to me the criticism ought to be directed against the Congress of the United States and not against Great Britain.

Mr. McKELLAR. Let me ask the Senator this question: Under the Senator's administration of the Treasury Department, did he not take the obligations of Great Britain at 5 per cent?

Mr. GLASS. Oh, yes.

Mr. McKELLAR. Do not the very obligations which the Senator as Secretary of the Treasury took measure the indebtedness of Great Britain to us?

Now, when she sends a commission over to us to secure better terms than those which her obligations already allow, why is not that seeking to get out of paying in part her indebtedness to this country?

Mr. GLASS. As a matter of fact, Mr. President, the moral obligation of Great Britain to this country under the text of the Liberty loan acts was to pay us no higher rate of interest than the charge at which we floated our indebtedness from the proceeds of which we made this loan; and the Senator himself has said that the Congress of the United States has reduced that rate from 5 to 4½ per cent.

Mr. McKELLAR. In absolute accord with the act of Congress under which this money was borrowed, and that is all I maintain—I want a settlement under these acts of Congress.

Mr. GLASS. If the Senator——

Mr. McKELLAR. Just a moment. I maintain that that is the measure of the obligation of Great Britain to us, and that if Great Britain asks for a different measurement now she is asking to repudiate in part the interest which she has already agreed to pay and for which we hold her obligations.

Mr. GLASS. Mr. President, Great Britain is not proposing to repudiate one farthing of her indebtedness to the United States. Great Britain, following the example of the United States, designated a commission to take these matters under advisement and to reach terms of adjustment.

Mr. McKELLAR. Within certain limitations but, according to reports from London, our commission have disregarded the limitations that were fixed by Congress.

Mr. GLASS. Then why does not the Senator assail our commission instead of assailing Great Britain. The Senator has revived all the pre-war bitterness by putting in the RECORD the very pro-German stuff that was disseminated in this country to keep us from going in on the side of Britain and France and Belgium. He is reviving the talk about the "ravages of our commerce on the seas" and the interruption by Great Britain of our business activities with central Europe.

Mr. McKELLAR. Yes; and I know our commerce was ravaged. Everybody knows it was done. No one can deny it.

Mr. GLASS. What has that got to do with the debt question any more than the fact that our commerce was also ravaged by Germany and our women and children drowned in the seas?

Mr. FRELINGHUYSEN. Mr. President——

Mr. McKELLAR. I yield to the Senator from New Jersey.

Mr. FRELINGHUYSEN. In regard to England's seizure of contraband vessels, I happen to know something about it; I have some familiarity with marine insurance, and I merely wish to say that wherever England seized vessels as contraband or interfered with commerce she took those vessels into the admiralty courts; the cases were duly tried, and England, I

know, has been extremely fair in her settlement where she did not seize the vessels in accord with international and admiralty law.

Mr. McKELLAR. Yes; but she never thought that she was doing anything that was not in accord with international and admiralty law. She absolutely disregarded our rights on the seas.

Mr. LENROOT. Mr. President, I should like to ask the Senator why it is that he condemns so severely the nation that offers to adjust and pay its indebtedness and has no word of condemnation for other nations that have like obligations and that neither offer to settle or to pay?

Mr. McKELLAR. It ought to be obvious to anybody in the world. This is the only settlement just now before the American people or before the Congress. When we come to other settlements, then they may be discussed. When the Senator's administration brings before us other settlements, as it ought to do, then we will discuss those settlements.

Mr. LENROOT. Then, would the Senator be content, in the case of England, if she paid nothing and remained silent? Would he have no word of criticism then? Why does he not criticize those nations that have paid nothing?

Mr. McKELLAR. On the contrary, the Senator knows that ever since 1919 I have been vigorously and actively seeking to get some settlement with the foreign governments that owe us money. It is no new thing with me. I am just as much in favor of collecting the indebtedness due us from other nations as I am of collecting from Great Britain. They owe us money, and they ought to fund it according to the terms of Congress to pay the interest. The only difference is that the question of the British indebtedness is now before the American people and before the American Congress. Whenever a proposed settlement of the indebtedness of other nations comes before us, that will be discussed, too.

Mr. LENROOT. The Senator condemns a nation because they offer to settle and pay, but the Senator has no word of condemnation of a nation that does not offer to pay a dollar on a just debt.

Mr. McKELLAR. The Republican administration announced a day or two ago that they had not asked and would not ask the other nations to pay a dollar at the present time.

Mr. LENROOT. In view of the Senator's attitude, I should like to ask him another question.

Mr. McKELLAR. I yield.

Mr. LENROOT. An amendment is pending, and more of them will be offered, to the bill now under consideration extending further credits to foreign governments—in one case, a maximum of $250,000,000 for the purchase of cotton and other agricultural products. In view of the Senator's attitude, I assume he is against all of those measures.

Mr. McKELLAR. I am against them, absolutely.

Mr. LENROOT. I am glad to know that.

Mr. GLASS. Mr. President, if the Senator will allow me, not only are there measures pending here proposing to loan $250,000,000 to various nations but there is a bill pending, upon which a hearing is being seriously had, to loan, not Great Britain or France or Italy, whose troops fought with our troops in the war, but to loan to Germany $1,000,000,000 of the taxpayers' money of the United States.

Mr. McKELLAR. Yes; and I am just as much opposed to that, and more so, than I am opposed to any of the others. I am opposed to lending any more money to Europe. It is high time they were paying back what they borrowed, and thus help relieve us of our heavy burden of taxation.

Mr. GLASS. Nobody has heard the Senator get up here and say anything unkind about Germany when it is proposed to loan her $1,000,000,000 of the taxpayers' money.

Mr. McKELLAR. The Senator probably has not been in the Chamber, for it has been only a very short time since I got up here and made a very severe criticism about the failure of Germany to pay the charges for maintaining our troops over there as she agreed to do. I have brought that question up on the floor time and time again. I can not help it if the Senator from Virginia has not been present and has not heard what I said.

Mr. GLASS. Oh, well, if the Senator from Virginia was not present he was occupied with more serious matters somewhere else.

Mr. McKELLAR. I am quite sure of that.

Mr. GLASS. He was transacting the business of the Senate in committee.

Mr. President, I hate to lose poise; but I confess to some degree of irritation at certain things that have happened recently in this Chamber. I wish I might hear one kind word said of the people who we joined, rather belatedly some think, in winning the World War. Instead we are treated day in and day out to "poor Germany" this and "poor Germany" that, and told how the people of Germany are suffering, as if no other people are suffering.

Mr. McKELLAR. Mr. President, the Senator will certainly do me the justice to say that he never heard me utter any such sentiments.

Mr. GLASS. I regret very much to have heard my friend and colleague assail this afternoon, as I conceive without proper warrant, our great ally in the recent war and undertake to prejudice the Congress and people of the United States against Great Britain because when, with her back to the wall she was fighting for civilization, for our cause as well as for her own, she interrupted momentarily our commerce on the seas.

Mr. McKELLAR. Mr. President, I believe America's part in the war was just as honorable as that of Great Britain, and that we helped Britain far more than Britain helped us. Speaking about the soldiers, I recall that it has been but a short time ago when a measure for the relief of our own soldiers was before the Senate, and that measure, costing as much as it would, would not have cost as much as the proposed subsidy to Great Britain if this proposed trade goes through; and yet my recollection is that some of us—not I, because I was very much in favor of it, but quite a number of us—voted against the measure in favor of the soldiers. It does seem to me that we ought to be willing to treat the soldiers of our own war as fairly as we are willing to treat the soldiers of Great Britain or the Government of Great Britain; and I, for one, would infinitely prefer to vote for a bonus for our own soldiers, many of whom have been without employment, rather than to vote this bonus or subsidy for Great Britain at this time.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. LENROOT. The bills to which I referred—I did not have in mind the one to which the Senator from Virginia referred, that is pending in committee—the bills to which I referred that propose to extend further credits to Europe upon the credit of foreign governments have been reported, and are on the calendar of the Senate, and I have not heard the Senator from Tennessee denounce any of those bills.

Mr. McKELLAR. Mr. President, if the Senator will just listen whenever they come up, he will find the Senator from Tennessee not only denouncing them but voting against them. I am absolutely opposed to them. I do not think any other credits ought to be given to European countries until they begin to pay us, at any rate——

Mr. LENROOT. I am very glad to hear it.

Mr. McKELLAR. And I shall certainly vote against them; and, if it will do the Senator any good, though I do not like to talk much, I will certainly make speeches against them, and in the same emphatic way that I am making a speech against giving this enormous subsidy to Great Britain.

Mr. LENROOT. I merely wanted to ask the Senator if I was incorrect in my recollection—and he will correct me if I am—if he did not vote to take up the Norris bill, which provided for that very thing, as against the rural credit bill?

Mr. McKELLAR. The Norris bill? I can not say, Mr. President.

Mr. LENROOT. I may be wrong in my recollection upon that subject.

Mr. McKELLAR. I think the Senator is wrong, but I should have to look at the record myself to see. I do not recall what the facts were with reference to it. I have no independent recollection about my vote on that proposal.

Mr. GLASS. Mr. President, just a word.

The Senator from Tennessee very obviously made a reference a while ago to my attitude on the soldiers' bonus. I have never made any concealment of my feeling on that subject. I was against the soldiers' bonus. I always will be against it. I was against it upon economic considerations, and against it upon sentimental considerations. I do not think the Federal Treasury could bear the tax at this time; I do not think that the tax-burdened people of the country should be subjected to that additional exaction.

I do not think the financial, commercial, and industrial interests of the country should be distressed by embarkation on any such economic policy. Moreover, I am against having the patriotic services of American boys computed in dollars and cents and so commercialized as that hereafter when we may have to fight a war for the protection of civilization we may have to stop and inquire what it is going to cost in dollars and cents.

As to voting any subsidy for Great Britain, that is a figment of the Senator's imagination. Great Britain is too proud a nation to suggest to the United States or any other nation the

idea of voting her a subsidy. She has not asked for a subsidy. There is no proposition pending to vote her a subsidy of any description. She has simply appointed a debt commission, at our invitation, to discuss the adjustment of her indebtedness to the United States, with statements from her responsible statesmen that she proposes to pay the last dollar of it.

What I fail to understand, what seems most singular to me, is that at this stage of the proceedings any Senator should feel called upon to stand in his place and raspingly criticize this nation that was our ally, this nation whose Navy protected us from the ravages of the enemy for the preliminary months of the war in which we were engaged, and whose million and a half dead soldiers died in the very cause that we made our own.

Yes; I am not a little exasperated that we seem so soon to have forgotten the men and nations with whom we were associated in the war as to direct all our thought and all our generous sentiment to aiding and helping those who a little while ago were trying to destroy our civilization. All our criticisms seem now directed against those with whom we were comrades in arms.

Mr. McKELLAR. Mr. President, it is quite as exasperating to me that the people of Great Britain and the Government of Great Britain have so soon forgotten the great help that this Nation was to her, not only in saving civilization but in saving her empire. She may be too proud to ask for concessions on this debt, but she is making powerful efforts to obtain them just the same.

Mr. GLASS. In what sense has she forgotten our help, and in what manner is she seeking to evade her financial obligations?

Mr. McKELLAR. By sending her commission over here to get terms of settlement less than those to which she had agreed.

Mr. GLASS. How does the Senator know that?

Mr. McKELLAR. I judge it by the fact that the commission has been over here and by the statements given out in the newspapers on both sides.

Mr. GLASS. Does not the Senator know perfectly well that the loan of this country to Great Britain is now in such shape as that it can not be paid but must be funded under the terms of the act?

Mr. McKELLAR. Quite the contrary; Great Britain is already making her interest payments on the loan, and under the terms of the act for which the Senator voted; but this proposal is to disregard the terms of that act, and it is of that that I am complaining.

Mr. GLASS. Whose proposal is it to disregard the terms of the act?

Mr. McKELLAR. The British commission says that it is the American commission's proposal.

Mr. GLASS. Then why not assail the American commission? Why assail the British commission?

Mr. McKELLAR. I do not understand why the Senator can not see that my criticisms have been just as much against the American commission for having proposed it, if they did propose it, as against Great Britain for having accepted it. I have criticized that commission. I have been on my feet almost daily criticizing the commission for not giving the American people the facts about it.

Mr. GLASS. Does the Senator seriously think that Great Britain would dishonor herself, or any one of our allies would dishonor herself, if she should accept terms of adjustment more favorable than those originally proposed?

Mr. McKELLAR. Mr. President, I can not say that, of course.

Mr. GLASS. That is what the Senator did say.

Mr. McKELLAR. No; here is what I say: That that commission has been over here in secret session with a commission appointed by this Government for the past several weeks, a month or more, and we find that the result is that the terms laid down by the Congress, which were in accordance with the terms under which this money was borrowed from us, have been disregarded, according to the newspapers; and I am addressing myself to that.

Mr. GLASS. Disregarded by whom, may I ask the Senator?

Mr. McKELLAR. Disregarded both by the British Government, who borrowed the money, and by the commission which is acting for the American Government.

Mr. GLASS. Does the Senator seriously think that the British commission ought not to accept terms proposed by the American commission that are less onerous than the original terms of the loan?

Mr. McKELLAR. Of course I do. If the British commission knows anything about the American Government, it knows that the members of the American commission have no authority whatsoever to make such a proposal; that the members of the American commission are limited by law and by their oaths of office to carrying out the statute of the United States already passed. They are governed by that statute.

Mr. GLASS. Oh, Mr. President, I understand that, of course, and therefore, being limited and being required to report back to Congress, and Congress itself having to act finally upon the proposition, I wonder why the Senator should abuse Great Britain for sending a commission over here at our own invitation to confer with a commission appointed by Congress.

Mr. McKELLAR. I do not know whether the Senator caught what I intended to convey, or not, but my purpose was to say this in unmistakable language: If this proposed settlement is as the newspapers give it, the members of the American commission have violated the law under which they were appointed. The British commission ought to know that the American commission had not any right to make such a proposal, and I doubt very much whether they have made such a proposal. I will never believe it until they come forward here and say they have made such a proposal.

Mr. GLASS. But the Senator has premised everything he said upon the assumption that the thing had been done.

Mr. McKELLAR. Oh, no; the proposal has no doubt been made by somebody, and somebody has accepted it in some way. There is no doubt in the world but that a tentative agreement has been entered into between these two commissions, which tentative agreement is at war with the act of Congress under which our commission was appointed; and I am opposed to Congress agreeing to any proposal different from what we originally agreed to.

Mr. GLASS. Mr. President, I think I now clearly understand what the Senator from Tennessee intended.

Mr. McKELLAR. I am sorry I have been unable to make myself plain. I thought I was able to make myself plain.

Mr. GLASS. Well, it was my fault; it was my stupidity, but——

Mr. McKELLAR. No; quite the contrary. It was my fault in not expressing myself clearly.

Mr. GLASS. I have now reached the conclusion that the Senator from Tennessee thinks that because our American Debt Commission is supposed to have proposed a different settlement of these foreign debts from that which the Congress had in mind, therefore it is expedient to twist the lion's tail.

Mr. McKELLAR. Oh, well, if the Senator wants to indulge in that kind of statement, that is entirely all right. It is not what I said at all.

Mr. LENROOT and Mr. HEFLIN addressed the Chair.

Mr. McKELLAR. I yield to the Senator from Wisconsin.

Mr. LENROOT. As I understand the Senator's viewpoint, his criticism is that England entered into a solemn contract, as did the others, to pay 5 per cent, and now they should not, according to his view, make any proposition different from that?

Mr. McKELLAR. Oh, no; the Senator did not understand me that way at all—could not have done so; it is absolutely impossible.

Mr. LENROOT. It was the sacredness of the obligation to which the Senator referred.

Mr. McKELLAR. This is what I said; I said that Great Britain borrowed this money under the terms of an act of Congress which provided that Great Britain should pay the same rate of interest which the American Government had to pay for the money, and that any reduction in that rate was a violation of the contract which Great Britain made.

Mr. LENROOT. That was not the contract.

Mr. McKELLAR. Oh, yes; it was. It was the original contract. I don't know when, why, or how she gave us the 5 per cent obligations, but it is a fact she gave them to us and we now hold them.

Mr. LENROOT. The contract was to pay 5 per cent, was it not?

Mr. McKELLAR. That was subsequently entered into.

Mr. LENROOT. That is the existing contract, is it not?

Mr. McKELLAR. That is the existing contract.

Mr. LENROOT. Now, the Senator complains over any proposal to modify that contract?

Mr. McKELLAR. Oh, no. I have never complained that the Congress was wrong in fixing the rate the same as we had to pay. I voted for that act.

Mr. LENROOT. What is it the Senator complains of?

Mr. McKELLAR. I voted for the measure, and so did the Senator, voluntarily, to make the interest agreement conform precisely, or as nearly as possible, to the original agreement under which the money was borrowed.

Mr. LENROOT. Then it was the Congress which first proposed, not only to England but all the other European countries, that their existing contracts be modified?

Mr. McKELLAR. Yes.

Mr. LENROOT. And the Senator complains that the United States itself, proposing to modify an existing contract, is subject to this severe attack, if they suggest that there be a different modification than that proposed by our Government?

Mr. McKELLAR. Yes; because Congress has solemnly gone on record setting out the limitations under which the American commission could act. The commission had no power or authority to make a different proposal to the British commission.

Mr. LENROOT. I know; but can they not address their proposals to this Government, which includes Congress?

Mr. McKELLAR. They can, but they are so silent about it that it does not look like we will ever get it from them.

Mr. LENROOT. Has anyone ever proposed that the Debt Commission shall accept this proposal and violate the act of Congress?

Mr. McKELLAR. The English commission affirm, over on the other side, when they get back, that the American commission had made this proposal, which is beyond any authority which it had.

Mr. LENROOT. Does the Senator think the American Debt Commission proposes, without action of Congress, to carry out the proposal that is in question?

Mr. McKELLAR. Being absolutely in the dark, being absolutely unable to get any expression from the members of the American Debt Commission, I can not tell the Senator what the American Debt Commission proposes.

Mr. LENROOT. Does not the Senator know that no action can be taken without action by Congress?

Mr. McKELLAR. I imagine not, though I do not know what action may be attempted.

Mr. LENROOT. The Senator does not know? I did not want to do the Senator any injustice with reference to his record on the vote to which I have referred, and I want to clear that up. I find that the record on the motion to take up the Norris bill shows that the Senator was present but did not vote; that he was paired, and stated, in announcing his pair, "I have a pair with the Senator from Indiana [Mr. NEW]. I do not see him in the Chamber, so I withhold my vote." But the Senator did not state what his position was.

Mr. McKELLAR. I do not recall now what my position was. I do not know whether I would have voted for it or against it. Probably that was why I did not express myself. I do not remember just exactly what the issue at stake at that particular time was, but I was quite confident I had not voted as the Senator stated.

Mr. HEFLIN. Mr. President, I am not going to enter into a discussion of this debt settlement proposition. It is evident to my mind that there were a good many people in the Congress who intended to cancel all this indebtedness, and this partial arrangement they have made, I think, came from the British Government. It is suggested in the newspapers that they have accepted a proposition made by us. I think it is a proposition they made themselves, for 3 per cent and 3½ per cent, with nearly three-fourths of a century to pay the money. Two generations will come and go before that debt is wiped out.

The Senator from Tennessee has stirred up a hornet's nest by his protest against taxing the American people and giving to Great Britain or any other foreign country, when sixty-odd million of the American people are in distress to-day. Some people may not know that, but that is the truth.

Mr. McKELLAR. Mr. President, I suppose the Senator saw yesterday that two prominent American diplomats, some time ago, made a proposal at a banquet at No. 10 Downing Street to settle this debt at from 2 to 2½ per cent; that the British people felt greatly outraged that the word of those two diplomats had not been carried out by the American Government, and that they were very greatly disappointed because it had not been carried out. I asked the names of those diplomats, but I could not get them; that is, I have not been able to get them. But I find in an editorial in a good Republican paper, by the way, as I understand it, the Waukegan Daily Sun——

Mr. WADSWORTH. Where is Waukegan?

Mr. McKELLAR. In Illinois. I will read from the editorial. Waukegan is out there where Mr. Baldwin says the people are all "hog raisers." I will read what he says about this first commission:

> It was reported from abroad that at a London tea party Taft and Harvey promised Bonar Law that the United States would give a refunding period of some sixty-odd years at an interest rate of 2½ per cent. This means a gift of billions of dollars. In regard to international debts, Taft and Harvey represent none other than themselves personally. However, if they attempted to defeat the debt refunding act they are sworn to enforce, Harvey should be recalled by Harding, and Taft is open to impeachment charges if upon investigation Congress finds an international conspiracy to defy and defeat the will of Congress.

Mr. WADSWORTH. Has the Senator ever asked Chief Justice Taft whether there was any truth in that?

Mr. McKELLAR. No.

Mr. WADSWORTH. Why does he not?

Mr. McKELLAR. I had no idea who it was. I stated in my speech here the other day that I had no idea who the diplomats were.

Mr. WADSWORTH. Just a moment ago the Senator said he had been trying to find out who those two diplomats were.

Mr. McKELLAR. Yes.

Mr. WADSWORTH. Yet one of the men named could be found in the Supreme Court Chamber, which is about 150 feet away, and the Senator could find out at any time if he had the courage to ask him.

Mr. McKELLAR. There was no question of courage, I assure you. I never saw the paper giving names until to-day.

Mr. HEFLIN. Mr. President, I want to ask the Senator a question. Was that before Chief Justice Taft made a visit to London last summer?

Mr. McKELLAR. I am just reading from the newspaper.

Mr. LODGE. Will not the Senator kindly tell us who the thinker is who makes that admirable statement?

Mr. McKELLAR. W. J. Smith is the editor of the paper—the Waukegan Daily Sun, of Waukegan, Ill.

Mr. LODGE. A newspaper I am afraid I never heard of.

Mr. McKELLAR. Perhaps so; and yet there are some people out West and some newspapers.

Mr. LODGE. There are.

Mr. McKELLAR. Quite a number out there, who, perhaps, have something to think occasionally and to say about international affairs.

Mr. HEFLIN. They at least have votes out there.

Mr. McKELLAR. I am so informed.

Mr. HEFLIN. Does the Senator know what Chief Justice Taft went to London for last year?

Mr. McKELLAR. I have no knowledge on the subject at all, and did not even know he was there, and knew nothing in the world about it, except what I saw in this paper.

Mr. HEFLIN. He made a trip over there.

Mr. McKELLAR. I say that if Mr. Taft and Mr. Harvey made any such proposition as that to the British Government, they did it purely as individuals; they did not bind anybody, and could not bind anybody, and should not bind anybody.

Mr. HEFLIN. Mr. President, I hope I may be permitted to submit a few observations myself. Mr. Taft, before he was appointed Chief Justice, I believe, went to London. I do not know what he went for, but he went over there since the election of 1920. Several newspaper editors of the United States went over there, too, last year. I do not know what they went for. I have heard that some of them were interested in debt cancellation. I think that is true.

Mr. WADSWORTH. May I ask the Senator what reason he has for thinking that is true?

Mr. HEFLIN. I think it is true for several reasons, one because I have heard it talked about the Capitol, and I believe it is true.

Mr. WADSWORTH. Is that all the ground the Senator has?

Mr. HEFLIN. Because I believe it is true?

Mr. WADSWORH. The Senator has heard it "talked."

Mr. HEFLIN. I do not have to tell the Senator in detail all the reasons I have for it. I make the statement. I think it is true.

Mr. WADSWORTH. Then the Senator is responsible for the statement itself?

Mr. HEFLIN. I am responsible for the statement I made.

Mr. WADSWORTH. All right.

Mr. HEFLIN. I think the Senator represents a State that has a good many obligations owing to it by Great Britain and by other foreign countries, which it would like to collect and could quickly collect if this whole debt could be canceled. I think the propaganda is in Wall Street to cancel the whole thing, and the Senator represents in part the State in which Wall Street is located. I never saw a covey of birds so flushed as the Senator from Tennessee seemed to flush them this afternoon. He was talking for the American people. He is trying to represent this Government here in the Senate and not Great Britain. There are some of us here who do that, and we are going to continue to do it. We are going to have a house cleaning on the other side of the Chamber and a little on this side next year, and bring people here who speak for the American people and not for Great Britain or any other foreign power, when the

issue is whether America's side shall be presented or Great Britain's or some other country's side shall be presented.

I want to treat Great Britain fairly. I am the friend of the mother country. I am glad that her soldiers fought side by side with our soldiers, but it has been said, and one would think that there is a great deal of truth in it, that England possesses the greatest diplomats in the world. England knows how to handle things in a diplomatic way for her special good and general welfare, and it is her business to look out for that just as it is our business and the business of the Chief Executive of our country and the business of the diplomats of our country to handle the situation to the very best interest of the American people. While I am a friend of Great Britain, I am on the side of my own country in this matter.

I want to treat Great Britain fairly, but I want this money paid to the American people. It belongs to them. I speak for a part of the country which has a farming population nine-tenths of whom are under mortgage to-day, bound hand and foot to pay debts unloaded on them by the deflation of 1920 and 1921, carried on by the Republican Party, promised in its national platform in 1920 and promised by the Republican President in his acceptance speech, and carried out under Republican direction without the protest of a single leading Republican in either branch of Congress. This Government does not belong to the greedy special interests in this country. You can always tell, though, when you step on the toes of those interests. You can spot them. Ah, they come to the rescue.

Oh, Mr. President, we are not offending Great Britain. Stanley Baldwin, the Englishman, can go back and reflect upon the intelligence of the great grain-growing West, from whose broad plains came a million American boys to fight and die on foreign soil for Great Britain's liberty and the liberty of the world. None of these Senators here criticized him. They do not say anything against him. The Senator from Tennessee took him to task, and properly so, and now, when a Senator in this body speaks for his own country, for the debt-ridden, tax-burdened people of America, he is taken severely to task for what some call arraigning Great Britain. He comes from Tennessee, the great State of Old Hickory Jackson. We need more of his kind in this body, who will talk for his own country when his own country's rights are involved.

Mr. McKELLAR. Not only did Baldwin reflect upon the people of the West but he reflected upon the Senators from the West.

Mr. HEFLIN. Certainly.

Mr. McKELLAR. I have invited them to respond as to what they thought about his reflections upon them and they are silent.

Mr. HEFLIN. There have been a good many couriers to London, doubtless, who went out from New York. They said, I imagine, "We think we can handle this foreign indebtedness all right. We can probably get the whole debt canceled." I think a promise was made by the Republican Party leaders in 1920 that these debts would be canceled. I have a suspicion of that sort. I think there is ground for it.

Mr. WADSWORTH. Has the Senator as much ground for that assertion as he had for the assertion that Judge Taft went over there on a private mission to cancel the debts?

Mr. HEFLIN. Does the Senator deny that Judge Taft went over there?

Mr. WADSWORTH. Not that he went over there; no.

Mr. HEFLIN. The Senator admits that Judge Taft went over there?

Mr. WADSWORTH. Yes.

Mr. HEFLIN. Does the Senator admit that he [Mr. WADSWORTH] represents Wall Street?

Mr. WADSWORTH. No.

Mr. HEFLIN. Then, I have no further questions for the Senator just now.

Mr. President, of course I have my opinion about whether he does or not. The Senator said he does not, and I must accept his statement. But I want to get back to the issue here.

I am satisfied that over there in those nice little secret circles in London they have said, "We think we can arrange debt cancellation. Get us in power, and maybe we can wipe out the whole debt. Good! Fill 'em up again." When they got over here they found some Democrats here with backbone and some few Republicans, and some in the House, who took the American view of the thing and put some restrictions around the commission on our part, although it was a partisan commission. They could not go the limit, as they probably thought they would be able to go. They were disappointed. I think when they got in secret council over here that probably our commissioners told them, "We would like to do this or that, but our hands are tied. We would like to cancel the whole thing, so far as we are concerned, but let us not say anything about that. Our hands are tied. It may be we can get additional powers." One of them came up here one day and said on the floor of the Senate they would have to have additional powers.

Now Great Britain has gone back, having brought down the interest rate from 5 per cent to 3 and 3½ per cent. The farmers of the United States are paying to-day 5 and 6 per cent to lift the mortgage from the roofs where their wives and children dwell. But you have provided for Great Britain 3 per cent and 3½ per cent, with 62 years' time in which to pay it. The baby born to-day will be 62 years old when it is paid under your plan. So they went back and jumped on the United States. Wall Street is a very nice spot in their minds. They do not like the western country or the western crowd. They raise hogs and sell beeves, they tell us. Thank God they have intelligence and votes, and they can use them and did use them right effectively in the last election. Next year there is going to be a perfect cyclone. Some of the Senators I see over yonder—the places that know them now will know them no more forever. The cyclone is going to take them up and sweep them out. We are going to have a whole-hearted American sentiment expressed in this Chamber. The time should come when an American who would preach American doctrine will not be arraigned for assailing Great Britain for simply asking that Great Britain pay the debt due us, and that she be not allowed to obtain money here at interest rates below those which the people who are supporting this Government with their substance in time of peace and fighting for its preservation in time of war have to pay. That is what we have—3 and 3½ per cent to a foreign nation, 5 and 6 per cent to our own people who pay the taxes and fight for the Government in the hour of its peril.

Is the Senator who protests against such as that to be criticized and condemned in this Chamber?

In the debate the bonus question has been brought up, and it has been said that the soldiers were commercializing their patriotism and that we have to pay them for their valor, and that when we come to have another war we will have to figure up how much it will cost.

Mr. President, I do not ever expect to permit any Senator in this body—I do not care whether he calls himself a Democrat or whether he is a Republican—to insult the soldiers of America who have asked for adjusted compensation by saying that they are putting a price on their patriotism, commercializing it, when they ask for simple justice at the hands of the Government they love and for which they were willing to die.

Mr. GLASS. Mr. President, if the Senator from Alabama has reference to me—has he?

Mr. HEFLIN. I have reference to part of the statement I heard the Senator make.

Mr. GLASS. I did not say the soldiers wanted to commercialize themselves. What I tried to say was that the politicians wanted to commercialize them.

Mr. McKELLAR. There is a good big body in both Houses that must plead guilty to Mr. Baldwin's statement that they were politicians. As I recall, there are more than two-thirds of the Members of the House and lacking but two or three of being two-thirds of the Senate, and before another session of Congress rolls around there will be more than two-thirds of both bodies in favor of doing the right thing for the soldiers, and a bill will pass, the President to the contrary notwithstanding.

Mr. HEFLIN. Oh, Mr. President, as to the politicians seeking to commercialize the soldier, let me say if I had to take my choice between playing politics and defending the mistreated, neglected, and sometimes starving soldier who had nowhere to lay his head, no decent clothes to wear, nothing with which to feed his body, or vote to give to the profiteers $450,000,000 a year, as was done here, and exempt the big income-tax payers $90,000,000 a year, as was done here, and give to the ship subsidy $50,000,000 a year, as is proposed here, I would take my stand on the side of the soldier of my country and demand simple justice for him.

Mr. LENROOT. Mr. President——

Mr. HEFLIN. The Senator who votes for adjusted compensation is the friend of the soldier. The Senator who voted to call the soldier to the colors and then permitted him to go to the battle front and come back and be discharged in a land panic stricken, industrially and commercially dead, labor unemployed and roaming the streets, and that poor fellow with no

place to eat or sleep—do you say that those who want to help him are trying to commercialize him? No; that is not the situation at all. It is indifference and ingratitude on the part of some to the soldier who offered his life, his all, for his country.

Mr. LENROOT. The Senator knows that I supported the bonus bill and took the attitude that the soldier should be awarded a very generous bonus. I would like to ask the Senator how much his State of Alabama has paid in the way of a bonus to the hungry, starving soldiers of the State of Alabama?

Mr. HEFLIN. I do not know.

Mr. LENROOT. Oh, surely the Senator knows.

Mr. HEFLIN. No; I do not know, and, Mr. President, that is not a question for the State. No State in the Union ought to be burdened as a State to pay this debt to a soldier who fought in the Union Army to fight on foreign soil. That is a national question and in no sense a State question.

Mr. LENROOT. Mr. President——

Mr. HEFLIN. Every State government that has done it did it because the Republican Party here at the Capitol refused in the National Congress to provide a dollar of adjusted compensation for the boys. It was tax the State or starve. That is why the States did it; not because they wanted to do it. They did it because the national Republican Party refused to do it and these boys were about to starve.

Mr. LENROOT. But the State of Alabama did not. The State of Alabama preferred to let them starve, according to the Senator from Alabama.

Mr. HEFLIN. Not at all. In the State of Alabama our people took them in and fed them and cared for those who needed aid somehow, but in the Senator's State and in some other States in the North where there are large cities there is where they suffered. I have helped some of them here out of my own pocket.

Mr. WADSWORTH. The Senator on more than one occasion has seemed to delight in saying something about the North and the East. He has brought in sectional questions. He has undertaken to tell us something about the State of New York and a certain portion of that State. Does the Senator recollect the fact that the State of New York, by a majority of 500,000, in popular referendum voted a bond issue of $40,000,000 for the veterans?

Mr. HEFLIN. I am glad to hear it. That is very much to the credit of New York.

Mr. WADSWORTH. Where was Alabama when that was being done?

Mr. HEFLIN. Being robbed by New York! [Laughter.] The big speculators, financiers of New York City, robbed the people of my State through deflation in one year of $103,000,000 on the Alabama cotton crop of 1920. Talk about where we were! We were trying to keep from starving ourselves under Republican deflation.

Mr. LENROOT. Is that why the State of Alabama let her soldiers starve?

Mr. HEFLIN. The State of Alabama has not let her soldiers starve. The people of Alabama want justice for the American soldier. The State of Alabama knows that this is a national question. When the people of Alabama give anything to the soldier they give it to him quietly and say nothing about it, but every time you give him a dollar you stand on the housetop and crow like a rooster. [Laughter.]

Mr. WADSWORTH. Does the Senator know what year it was that the people of New York made that decision for the soldier?

Mr. HEFLIN. No.

Mr. WADSWORTH. The Senator is light-hearted and reckless somewhat in his statements. He said, just by way of crawling out of the corner——

Mr. HEFLIN. I am painstaking and accurate enough to tell the truth about the State of New York.

Mr. WADSWORTH. I understand what the truth is. The Senator does not have to endeavor to enlighten me about the truth.

Mr. HEFLIN. Under deflation it took $1,625,000,000 from the cotton-growing States on one cotton crop in 1920.

Mr. WADSWORTH. The Senator probably does not know, as he knows nothing about what the people of New York have done, in spite of his reckless statements——

Mr. HEFLIN. I have not time to yield for a defense of that conduct of New York in my time. If the Senator wants to ask a question——

Mr. WADSWORTH. I have asked a question, and the Senator could not answer it. I asked when it was the people of New York voted on that referendum?

Mr. HEFLIN. I do not know and I do not care.

Mr. WADSWORTH. But it has something to do with the Senator's rejoinder that the people of New York had taken money from Alabama.

Mr. HEFLIN. That is no uncommon thing.

Mr. WADSWORTH. As a matter of fact, at that time the people of Alabama were immensely prosperous, with the highest cotton prices probably ever known.

Mr. HEFLIN. When was it you did that?

Mr. WADSWORTH. In 1920.

Mr. HEFLIN. Why, that is the year they robbed us in Alabama of $103,000,000 on the cotton crop. [Laughter.]

No, Mr. President, I can see these upstanding men now, as brave and patriotic as ever drew the breath of life. I see them going away with that flag. I see them going out upon the seas, and I see them coming back, but I see them forgotten by some Senators just a little while after they return. But I have not seen the profiteers forgotten. I have not seen those who fed upon the Government in the hour of its distress forgotten, and I have not heard them arraigned by anybody who fights the soldiers' bonus.

I stood for adjusted compensation. I am for them because it is right, it is just, it is honest to be for them. When I hear talk about commercializing patriotism, and the soldier being played upon by politicians, I intend to resent it and I do resent it.

Now, Mr. President, that is about all I care to say this evening.

Mr. WADSWORTH. Mr. President——

Mr. HEFLIN. I merely wanted to go on record as saying a word in behalf of some of the statements of my friend, the Senator from Tennessee [Mr. McKELLAR]—I did not hear all of his speech—and to speak for the American people somewhat about a debt that is due to them. Does Wall Street want to collect her money from Great Britain and have this whole debt held up until she can collect it? She did have it held up, it seems, until she collected $1,700,000,000 from France and Great Britain. Does she want to have this debt held up for 62 years so she can go on undisturbed and collect the other money due her from the various countries? I am here to represent the people, to represent in part my State; I am not here to represent the bond sharks, the big financiers of Wall Street. I want the American people to have a fair deal. This is not a court where men are employed——

Mr. LODGE. Mr. President——

Mr. HEFLIN. I do not——

Mr. LODGE. I rise to a question of order.

The VICE PRESIDENT. The Senator will state the point of order.

Mr. LODGE. I make the point of order that no Senator has a right to charge other Senators with representing bond sharks and gamblers.

Mr. HEFLIN. I made no such charge.

Mr. LODGE. The Senator just made it by inference.

Mr. HEFLIN. Not at all. I mentioned bond sharks in New York, the bond sharks and financiers of Wall Street.

Mr. LODGE. But the Senator contrasted the rest of the Senate with himself naturally.

Mr. HEFLIN. Let the notes be read.

Mr. WADSWORTH. I ask that the reporter's notes be read.

Mr. HEFLIN. I made no such statement.

The VICE PRESIDENT. The notes will be read.

The Official Reporter read as follows:

I am here to represent the people, to represent in part my State; I am not here to represent the bond sharks, the big financiers of Wall Street.

Mr. LODGE. That is a direct reference to other Senators, of course.

Mr. HEFLIN. Mr. President——

Mr. WADSWORTH. It was an inference.

Mr. HEFLIN. I said I was not representing them here; that I was going to speak for the people.

Mr. LENROOT. And what about the other Senators?

Mr. HEFLIN. I did not say anything about other Senators. The Senator from Massachusetts will next make a point of order against what he imagines. That is all his present point of order is founded on. I did not make the charge——

Mr. GLASS. Mr. President——

Mr. LODGE. I thought the Senator would stand by what he said.

Mr. HEFLIN. Yes. The notes show what I said, and just what I said I do stand by.

Mr. LODGE. Of course, that means that the other Senators here do not represent the American people——

Mr. HEFLIN. I did not say that.

Mr. LODGE. But do represent the bond sharks of Wall Street. It is perfectly clear.

Mr. HEFLIN. I did not say that. The Senator can not put words in my mouth. He can think what he pleases, and I can think what I please.

Mr. LODGE. But I can put them in the RECORD.

Mr. HEFLIN. The Senator can put them in the RECORD, but he can not change what I think or what I say.

Mr. WADSWORTH. Mr. President, will the Senator from Alabama yield?

Mr. HEFLIN. I yield.

Mr. WADSWORTH. The Senator said a little while back that the Chief Justice of the United States represented Wall Street?

Mr. HEFLIN. No; I did not.

Mr. LENROOT. I appeal to the RECORD.

Mr. HEFLIN. Let the RECORD be read, but I did not say that.

Mr. WADSWORTH. The statement was made 20 minutes or so ago.

Mr. LENROOT. I think it ought to be read.

Mr. LODGE. I also think the notes should be read.

Mr. WADSWORTH. The matter is so serious that I insist that it be ascertained whether or not the Senator from Alabama asserted upon the floor of the United States Senate that the Chief Justice of the United States represented Wall Street.

Mr. HEFLIN. The Senator from Alabama did not say any such thing, and there is no one else in the Senate except the Senator from New York and one or two other Republicans who think so.

The VICE PRESIDENT. Let the RECORD be brought in.

Mr. HEFLIN. Bring it in. I said "when he went to London"; and he went to London before he was Chief Justice, I think.

Mr. MOSES. No; he did not; he went as Chief Justice.

Mr. WADSWORTH. Yes; he went as Chief Justice.

Mr. HEFLIN. Did he?

Mr. MOSES. He went as Chief Justice to deliver some lectures on our political system.

Mr. HEFLIN. That makes it still stronger.

Mr. WADSWORTH. Again the Senator has offended.

Mr. LENROOT. Mr. President, the Senator from Alabama should take his seat until this matter is determined.

Mr. HEFLIN. While it is being determined, I will proceed.

Mr. WADSWORTH. No.

Mr. LENROOT. I ask that the Senator be required to take his seat.

The VICE PRESIDENT. The Senator from Alabama has been called to order.

Mr. WADSWORTH. The Senator from Alabama has been called to order and under the rule he has to take his seat. Mr. President, I ask that the Reporter may read the remarks referred to.

Mr. HEFLIN. I will take my seat and will proceed when the Senator is through.

Mr. WADSWORTH. No debate is in order.

Mr. HEFLIN. And then I will proceed at length.

Mr. ROBINSON. Mr. President, I did not hear any statement made by the Senator from Alabama with reference to the Chief Justice of the Supreme Court of the United States. I heard the statement made by the Senator from Alabama, which was quoted a moment ago from the notes, and I maintain that, under the rule of the Senate, it did not charge or impute to any Senator unworthy motives or conduct. In order to come within the rule of the Senate it is necessary that the Senator called to order shall use language which directly or indirectly imputes "to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator." The language of the Senator from Alabama read by the Reporter and for which he has been called to order was substantially, "I do not represent bond sharks or gamblers." It would be an infringement of the freedom of debate for the Presiding Officer of this body to hold that a declaration of that character imputes an unworthy motive or misconduct to another Senator.

It may be true that in the manner of expression, in the general attitude of the Senator from Alabama, in the subconscious mind of Senators that implication is justified, but the Chair in determining points of order made in the Senate must determine the question from the language employed by the Senator called to order.

Mr. LODGE. Mr. President, if the Senator will allow me, I think before deciding upon the matter the Senator ought to read the whole context of and connection in which the statement of the Senator from Alabama was made.

Mr. ROBINSON. The Senator from Massachusetts would not be so unkind as to require me to read the entire speech of the Senator from Alabama.

Mr. LODGE. I did not intend that. I intended merely that the whole statement from the notes of the Reporter should be read.

Mr. ROBINSON. The Senator from Massachusetts would not, in justice, impose any such obligation upon the Presiding Officer. When a Senator objects to language employed by another Senator upon this floor he specifies the language to which he objects and he calls the Senator to order for the employment of that language. That is exactly what occurred a few moments ago.

The Senator from Massachusetts and the Senator from New York jointly objected to a statement made by the Senator from Alabama as violative of the rules of the Senate governing debate in this body. The language employed does not impute to any Senator conduct or motive unworthy of a Senator. If it be held that implications or inferences arrived at by Senators from the general context of a speech delivered by a Senator warrant the conclusion that there is in the mind of the Senator something that he has not expressed obnoxious to the rule, freedom of debate will be destroyed.

Mr. LODGE. If the Senator will allow me, far be it from me to suggest that he shall read the whole speech; that I would not willingly inflict on anybody; but I wanted read the whole of what the Reporter read, because that shows the meaning, in my judgment.

Mr. ROBINSON. Mr. President, the Senator has not made a point of order against the language except that already read by the Reporter. I do not know what other utterances may be in the speech of the Senator from Alabama which may give offense to the Senator from Massachusetts or to other Senators, but my discussion is, of course, confined to the point of order raised.

Mr. LODGE. Mr. President, the words that I objected to were read by the Reporter. The Senator from Arkansas has only stated a part of them.

Mr. ROBINSON. The Senator can repeat them in his own language.

Mr. LODGE. I do not want to repeat them, but I want them read from the notes of the Reporter.

Mr. ROBINSON. The Reporter has read the statement once, although I have no objection to having it read again.

Mr. LODGE. I think the whole sentence and context ought to be understood.

Mr. ROBINSON. Very well.

Mr. LODGE. The Senator from Arkansas only quoted a few words which were detached from the statement.

Mr. ROBINSON. I quoted, as I think, the substance of the language employed by the Senator from Alabama, as read by the Reporter. What is the language read by the Reporter that has not been quoted which the Senator thinks brings the statement within the rule of the Senate?

Mr. LODGE. The Reporter may read the words which he previously read, from which the Senator from Arkansas partly quoted.

The VICE PRESIDENT. The notes will be read as soon as the Reporter can return to the Chamber.

Mr. LODGE. The Senator from Alabama said, "I do not represent the bond sharks and gamblers." Of course, I do not think anybody does, certainly not the Senator from Alabama. That statement by itself is of minor consequence.

Mr. ROBINSON. What is the remainder of the language?

Mr. LODGE. The remainder of the language was, "I represent the American people"—I do not remember all of it—pointing to Senators generally.

Mr. ROBINSON. Very well, Mr. President.

Mr. LODGE. I think the inference was plain, and that the Senator from Arkansas agrees with me.

Mr. ROBINSON. If a Senator can not assert on this floor that he represents the American people, it has come to a pitiable state in the progress of debate in the American Congress.

Mr. LODGE. Although it is a large representation, still I have no objection to that statement standing alone. It is a combination of the two sentences to which I object and the way in which they were uttered.

Mr. ROBINSON. Very well. Mr. President, then, the statement objected to, as the Senator from Massachusetts remembers it, is, "I do not represent bond sharks and gamblers; I represent the American people."

Mr. LODGE. No; that is not it. I want the words read as they were uttered, not as the Senator from Arkansas or I may repeat them from memory.

Mr. McKELLAR. Let them be read.

Mr. ROBINSON. I have just quoted the language as the Senator from Massachusetts remembers it.

Mr. LODGE. I ask that it be read——

Mr. ROBINSON. Very well; let it be read again and again.

Mr. LODGE. Not as I remember it.

The VICE PRESIDENT. The Reporter will read the language.

The Official Reporter read as follows:

I am here to represent the people, to represent in part my State. I am not here to represent the bond sharks, the big financiers of Wall Street.

Mr. ROBINSON. That is a perfectly legitimate statement. If the Senator from Alabama said anything about his State at all and made any contrary statement he would not long represent a constituency from Alabama or anywhere else. I repeat that the language under the rules of the Senate is not obnoxious.

In this connection let me point out the fact that during the course of this debate, while the Senator from Alabama presumably was proceeding in order, for no Senator had called him to order, a Senator upon the other side made a remark which provoked language from the Senator from Alabama that more nearly transgressed the rule than the language objected to by the Senator from Massachusetts and the Senator from New York. The Senator from Wisconsin, describing the action of the State which he so ably represents, touching the subject of the bonus, inquired derisively as to what action Alabama had taken. If implication and inferences render statements by Senators obnoxious to the rule, then it would appear that the question of the Senator from Wisconsin, and the words of the Senator from New York, for that matter, in the language that he used in the same connection, reflected upon the State of Alabama. The references to New York by the Senator from Alabama and to the latter State by the Senator from New York and the Senator from Wisconsin, however, were not objected to.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. LENROOT. Let us see about the analogy. Would the Senator say, if it were charged by a Senator that another Senator did represent the bond sharks of Wall Street, that it would be out of order or not?

Mr. ROBINSON. I think, if the intention were to impute unworthy conduct or misconduct, it would be out of order.

Mr. LENROOT. Then a statement, if it had been made directly, that the Senator from New York, for instance, represented the bond sharks of Wall Street would have been out of order.

Mr. ROBINSON. I think so.

Mr. LENROOT. I am sure it would. Then, with reference to the question I asked, namely, "Where did Alabama stand?" if the answer had been that Alabama had not voted a bonus, does the Senator think that would have been a reflection on the State of Alabama?

Mr. ROBINSON. I think it is entirely true, Mr. President, that the inquiry of the Senator from Wisconsin was provoked by the discussion between the Senator from Alabama and the Senator from New York. It is not my province to pass judgment upon either the allusion to New York or the reference to Alabama, although both might well have been omitted. The point I am making is that the language for which the Senator from Alabama was called to order, under the plain rule of the Senate and the common-sense construction that must be given to the rule of the Senate, is not obnoxious. Perhaps I might also add that in debates of this character Senators by interruption frequently provoke one another to statements that are not proper within the strict letter of the rule; but as to the particular statement objected to, the point of order made by the Senator from Massachusetts does not lie. The Senator from Alabama had a right to use the language that he did employ. He did not impute unworthy motives or misconduct to any Senator; the effect of his words was to vindicate his own motives and conduct.

The VICE PRESIDENT. The Chair is ready to rule.

Mr. LENROOT rose.

The VICE PRESIDENT. Does the Senator from Wisconsin desire to address the Chair?

Mr. LENROOT. I was merely going to suggest to the Senator from Massachusetts that he withdraw the point of order and let us go on.

Mr. ROBINSON. I think the Chair might just as well rule, inasmuch as the point of order has been made and the Chair is ready to rule.

The VICE PRESIDENT. The Chair is ready to rule.

The language of the rule is that—

No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

If it were merely the words spoken by the Senator, the Chair would be inclined to rule that no such imputation was intended; but with the context, the attitude, and the expression that went with them, the Chair is of the opinion that they did contain an imputation to other Senators unworthy and unbecoming, and that the words were not in order.

Mr. ROBINSON. Mr. President, I respectfully appeal from the decision of the Chair.

The VICE PRESIDENT. The question is, Shall the ruling of the Chair stand as the judgment of the Senate?

Mr. ROBINSON. I shall have to have the yeas and nays on that——

Mr. HEFLIN. I call for the yeas and nays.

Mr. ROBINSON. Unless the Senator from Massachusetts desires——

Mr. LODGE. I was just going to move to lay the appeal on the table.

Mr. ROBINSON. I suggest, then, the absence of a quorum, if the Senator wants to do that.

Mr. LODGE. I make that motion.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. CURTIS. Mr. President, it is so late that I was going to suggest that we want a short executive session, and we might have an executive session and let this question go over and vote on it in the morning.

Mr. LODGE. It is too late now.

Mr. ROBINSON. We can vacate the proceedings.

Mr. CURTIS. By unanimous consent, we can vacate the proceedings. There will be a quorum present in the morning. I ask unanimous consent that the proceedings under the quorum call be vacated, that the Senate may proceed to the consideration of executive business.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After three minutes spent in executive session the doors were reopened, and (at 6 o'clock and 38 minutes p. m.) the Senate took a recess until to-morrow, Friday, February 2, 1923, at 11 o'clock a. m.

CONFIRMATIONS.

Executive nominations confirmed by the Senate February 1 (legislative day of January 29), 1923.

RECEIVER OF PUBLIC MONEYS.

Raymond B. Lewis to be receiver of public moneys at Bozeman, Mont.

POSTMASTERS.

ALABAMA.

Arnold R. Woodham, Opp.

KANSAS.

Winifred Hamilton, Solomon.

MINNESOTA.

Thomas R. Ohmstad, Cannon Falls.

NORTH DAKOTA.

William R. Jordan, Luverne.
Carl E. Knutson, Portland.

PENNSYLVANIA.

James C. Whitby, Bryn Mawr.
George R. Fleming, Haverford.
Robert H. Stickler, Lansford.
Samuel F. Williams, Le Raysville.
William E. Housel, Lewisburg.
John C. Sullivan, Ogontz.
William M. O. Edwards, Pencoyd.
Edgar Matthews, Royersford.

WEST VIRGINIA.

Ralph L. Teter, Belington.

HOUSE OF REPRESENTATIVES.

THURSDAY, *February 1, 1923.*

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, the Father of us all, so long as time shall last Thou art the refuge for all minds that think and for all hearts that feel. O richly endow us with faith and gratitude. Set us out to-day upon our errands with Thy blessing, and may all tasks be borne with patience and wisdom. Ever impress us with the high value of time and privilege, and may we trust Thee and not be afraid, for the best is yet to be. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed without amendment bill of the following title:

H. R. 11731. An act to provide for the renting of the first floor of the customhouse at Mobile, Ala., to the Mobile Chamber of Commerce.

The message also announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 4404. An act authorizing the Secretary of War to transfer to trustees to be named by the Chamber of Commerce of Columbia, S. C., certain lands at Camp Jackson, S. C.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two House on the amendment of the Senate to the bill (H. R. 13696) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1924, and for other purposes. The committee of conference have not agreed upon amendments Nos. 3, 5, 6, 7, 8, 10, 16, 25, 29, 30, 31, 32, and 33.

The message also announced that the Senate had concurred in the amendment of the House to the bill (S. 472) for the relief of William B. Lancaster.

INDEPENDENT OFFICES APPROPRIATION BILL—CONFERENCE REPORT.

Mr. WOOD of Indiana, from the Committee on Appropriations, presented for printing under the rule a conference report (H. Rept. 1497) and accompanying statement on the bill (H. R. 13696) making appropriations for the Executive Office and for sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1924, and for other purposes.

AMENDMENT OF THE FEDERAL RESERVE ACT.

Mr. McFADDEN. Mr. Speaker, by direction of the Committee on Banking and Currency, I ask that there be taken from the Speaker's table the Senate bill 4390.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to take from the Speaker's table Senate bill 4390, a similar House bill having been reported from the House committee before the Senate bill was received from the Senate. The Clerk will report the bill.

The Clerk read as follows:

A bill (S. 4390) to amend the last paragraph of section 10 of the Federal reserve act as amended by the act of June 3, 1922.

Be it enacted, etc., That the last paragraph of section 10 of the Federal reserve act as amended by the act of June 3, 1922, is amended to read as follows:

"No Federal reserve bank shall have authority hereafter to enter into any contract or contracts for the erection of any branch bank building of any kind or character, or to authorize the erection of any such building, if the cost of the building proper, exclusive of the cost of the vaults, permanent equipment, furnishings, and fixtures, is in excess of $250,000: *Provided*, That nothing herein shall apply to any building now under construction."

The SPEAKER. The gentleman from Pennsylvania is recognized.

Mr. McFADDEN. Mr. Speaker, the gentleman from Florida [Mr. SEARS], I believe, wants to amend this bill.

Mr. SEARS. Yes.

Mr. McFADDEN. I yield to the gentleman from Florida for the purpose of offering his amendment.

Mr. SEARS. Mr. Speaker, I move to amend, on page 2, line 2, by striking out the word "now" and after the word "construction" inserting the words "prior to June 3, 1922."

In that connection I would like to state that——

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SEARS: Amend page 2, line 2, after the word "building," by striking out the word "now" and after the word "construction," in the same line, inserting the words "prior to June 3, 1922."

Mr. SEARS. Mr. Speaker, I simply desire to say to the Members of the House that when this bill passed the Senate Senator FLETCHER asked the question whether this bill took care of the branch bank at Jacksonville, Fla. He was assured that it did, but it seems the department has some doubt about the question. I have gone over the matter carefully with the chairman of the committee [Mr. McFADDEN] and also with the ranking Democratic Member [Mr. WINGO], and they have agreed to this amendment in order that there may be no doubt about Jacksonville being provided for.

Mr. SNELL. Will the gentleman tell us what this does?

Mr. SEARS. This simply allows the branch bank at Jacksonville to come in under the Senate bill which we are now considering.

Mr. SNELL. What does it do?

Mr. SEARS. This allows the bank to expend not exceeding $250,000 on the building.

Mr. SNELL. How much additional do they intend spending?

Mr. SEARS. I have not the figures, but my recollection is the building, office fixtures, vault, and so forth, will not cost more than $375,000, which I assure the gentleman is very reasonable. Plans and specifications have already been agreed upon and the cost estimated.

Mr. WINGO. Mr. Speaker, will the gentleman yield?

Mr. SEARS. Yes.

Mr. WINGO. The amendment of the gentleman from Florida means the same thing as the language of the bill; but here is the reason why we thought best to have him offer the amendment: We are rewriting a provision of the present statute; we make no change on the matter covered by his amendment. The proviso is now in the existing law. But one member of the Federal Reserve Board can not catch the point that this bill does not change that provision at all, and we are afraid some question might arise from a wrong technical construction. It means the same thing as the present language, but it will satisfy the viewpoint of one member of the board.

Mr. SNELL. I understand there is a limitation now on the cost of any branch-bank building.

Mr. WINGO. Yes. Under the present law the limit is $250,000, but it does not exclude vaults and permanent fixtures and equipment.

Mr. SNELL. That is the amount that could be expended on one of these branch banks?

Mr. WINGO. Yes. This bill leaves the amount identically the same, but it is the interpretation of the board that it would include the permanent vaults and fixtures as a part of the building. The original idea was that the building itself should not cost over $250,000 without a specific act of Congress in each case. This construes it to mean that the building proper should not exceed that amount. This puts in the language, "exclusive of the cost of the vaults, permanent equipment, furnishings, and fixtures."

Mr. SNELL. In some buildings those fixtures might be very expensive.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. SEARS. Yes; for the purpose of asking a question.

Mr. STAFFORD. I do not intend to offer an amendment or take the floor away from the gentleman who has the floor now. Will the gentleman from Arkansas [Mr. WINGO] or the gentleman from Pennsylvania [Mr. McFADDEN] inform the House how many buildings are now in course of construction to which this amendment applies?

Mr. WINGO. The only one that I recall would be just the starting of the Jacksonville building. The building at Detroit, the building at Salt Lake, the building at Little Rock, and the branch-bank building of Jacksonville that it is contemplated will be erected in the immediate future—as soon as this bill is passed.

Mr. SNELL. Why is not Jacksonville in the same class as the others?

Mr. WINGO. It is.

Mr. SEARS. To be frank with my colleague, I will say they have started the excavation there, and the department said they might construe that as having begun work. If this bill passes without amendment, Jacksonville is out.

Mr. GARNER. Mr. Speaker, will the gentleman yield?

Mr. SEARS. Yes.

Mr. GARNER. I understand from the gentleman from Arkansas that this proposed amendment does not increase the

opportunity to spend money for erecting bank buildings. I am inclined to think that it does.

Mr. SNELL. That is the part I can not get clear.

Mr. GARNER. You can build a $500,000 vault and build a $250,000 house around it.

Mr. SNELL. What do they usually put into these vaults and fixtures?

Mr. GARNER. I do not think the bank should spend too much money, part of it what I consider the people's money, in building buildings. Under this condition could they not build a $500,000 vault and a $250,000 building around it?

Mr. WINGO. Yes; if they wanted to do that, but I do not think the gentleman will deny that if there is anybody who has been insisting on economy in these things it has been myself. I will tell you why I am for this. I think this will save the bank some money. I thing if you permit them to come in with popgun bills, of which there are three pending in our committee now, they will spend twice as much before they get through, because if you allow every branch a special authorization to build a building, with the Congressman from that district coming and asking for it, I believe it will mean that not only will the time of the House be taken up, but these banks will spend more than they will under the general limitation provided by this bill. That is the reason why I want a general limitation.

Mr. SNELL. Why not put the limitation upon the amount they may spend for vaults and physical equipment?

Mr. WINGO. Because it is physically impossible to determine the amount of the cost of the vaults and the basements in buildings that might be erected in different parts of the country with different ground and different vault requirements.

Mr. SNELL. I understand that, but ought you not to put on a limit, so that they could not put a $500,000 vault in a $250,000 building?

Mr. WINGO. I have heard no proposition to build a $500,000 vault.

Mr. PARKS of Arkansas. Will the gentleman yield?

Mr. WINGO. I have not control of the floor. The gentleman from Florida has the floor.

Mr. PARKS of Arkansas. I want to put a question to the gentleman who just made that statement.

Mr. SEARS. Mr. Speaker, this is simply a question of whether or not Jacksonville shall be permitted to come in under the same provisions as other branch banks. If my amendment is adopted, then the Federal Reserve Board, I am satisfied, will provide or authorize the Jacksonville building, as both the House and Senate have indicated it was their desire this should be done. This is shown by the fact that last year Senator FLETCHER secured the passage of a resolution authorizing the expenditure of $400,000 by the branch of Jacksonville, but we have been unable to reach this resolution, and the bill now before us is a compromise, and is entirely satisfactory if my amendment is adopted.

My colleagues, Jacksonville is a thriving, rapidly growing, and progressive city, with a population of about 150,000. This branch bank must take care of the State of Florida and also Cuba.

The directors are safe, sane, and conservative. They could have built a costly building before the law of 1922 limiting the cost was passed, but then labor was high and the price of material was almost if not prohibitory, and they would not do so. Now, I am satisfied my colleagues will not punish them for being conservative. To erect a building for a sum less than provided in this bill will be false economy, for the building will barely be completed before they will need and must have a larger and better building and better facilities for handling the business.

I am satisfied the Federal Reserve Board, broad-minded and farsighted business men that they are, will appreciate the requirements of Jacksonville and will permit them to construct the building which will meet the requirements and which Congress has said they find is absolutely necessary.

Mr. McFADDEN. The gentleman's amendment is entirely satisfactory to the committee, and I hope it will be adopted.

Mr. MADDEN. Will the gentleman yield to me five minutes?

Mr. McFADDEN. I ask for a vote first on the amendment.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. PARKS of Arkansas. Will the gentleman yield to me to offer an amendment?

Mr. McFADDEN. I have promised to yield to the gentleman from Illinois [Mr. MADDEN].

Mr. PARKS of Arkansas. Just so I am not cut off. I would like to offer an amendment.

Mr. McFADDEN. I yield five minutes to the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, I think we ought to have a pretty fair understanding about the Federal reserve bank system. It was never intended that the Federal reserve banks of the United States were going to make a lot of money, but they have made fabulous profits, and they have invested fabulous sums of money in buildings out of those profits. Instead of amending bills to authorize them to put up buildings whenever and wherever they want to put them up, we should amend the law to limit the amount that they may earn. That is what we ought to do. [Applause.] That is what should have been done long since. Every time the banks show an excess amount of earnings they should be compelled to reduce the rediscount rate so as to keep their earnings within reason and thereby give to the borrowing public of the country an opportunity to get money at cheaper rates than they have been able to get it. [Applause.] The purpose of the creation of the Federal reserve system was to facilitate the transaction of the business of the country and to furnish credit at the least possible cost. Now, what do we find? We find that the Federal reserve system has been allowed to earn unlimited profits, to the very great disadvantage of the country, and it ought not to be permitted to continue to do that longer. The business people of the United States have gone through a serious period. They have had to struggle to make both ends meet, but the cost of money has continued to keep up, and the Federal reserve system has been allowed to make profits that are unjustifiable. They have invested these profits in monumental buildings which they are using in many cases for other purposes than those of banking. Now, since we have not had the foresight or the vision to enact legislation which will enable the business people of the country to borrow money on reasonable terms, the question arises whether we are still going to adhere to the policy that is permitting excessive profits to be made by the Federal reserve system, or whether we have sufficient patriotism to see not only the present but the future needs of the country. Every time the banks charge higher interest rates those increased rates are reflected in the cost of transacting business, and it should be our business to do everything that legislation can do to prevent the continuation of what I believe to be a very unjust practice. [Applause.]

Mr. McFADDEN. I yield five minutes to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. Mr. Speaker, I am much gratified to have the gentleman from Illinois [Mr. MADDEN] express himself so strongly in favor of the view which I have long held, namely, that the affairs of the Federal reserve bank should be handled from the standpoint of service instead of profit. The gentleman is correct. The original intention was that they should be banks of service and not banks of profit. I have been charged as the author of the original limitation of a 6 per cent dividend that they might earn. I will say to the House that the situation is such now that I do not think there is going to be the enormous profit in the future that some gentlemen think. If the gentleman has an amendment to the Federal reserve act that he can get by the administration leaders, I assure him he will have the hearty cooperation of myself and the other Democratic members of the committee, and some of the Republican members. That is neither here nor there, however. We are not now undertaking to do what some gentlemen think we are. I think gentlemen will remember that the thing that precipitated the law which we are amending to-day was extravagant expenditures in Chicago, New York, and elsewhere for these buildings. I condemned it then and I condemn it now. I do not say it boastingly, but those who differ with me have bitterly accused me of being responsible for this restrictive statute which you are about to amend. That is, we took away from the Federal Reserve Board the right to fix the cost of buildings whenever they wish to expend above $250,000. Congress having taken that discretion away from the board, then the duty devolves upon Congress to exercise that discretion and meet the responsibility, does it not? Has Congress done that? Ever since that was enacted there has been some contention about it, and we find that in the instance of some of these branch banks the $250,000 limitation, as ruled by the attorney of the board, will not permit them to erect a building that is necessary, if you include the vaults and the fixtures. The attorney for the board holds that they are a part of the limitation. All on earth this does is to exclude the cost of the permanent vaults and fixtures from the limitation of $250,000. I will tell you why I have agreed to this compromise. I know that one of these branch banks, which is powerful in this House, will have back of it one of the strongest blocs in this House, and I believe that if you do not make this

correction in the general limitation there will be a logrolling process in the next House that will cause branch bank buildings to be erected all over this country at at least twice the sum that is fixed in the limit in this bill. I believe it is an economy proposition, because we simply meet the one objection that is raised and we still hold the building proper down to $250,000. There is a difference in the cost of vault requirements.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. WINGO. I yield to the gentleman from Illinois.

Mr. MADDEN. I think the limitation is all right. I think the legislation which limited the amount which should be put into a building was beneficent, but while we are going on with this we ought to think about the other thing and pass proper legislation.

Mr. WINGO. I will say to the gentleman that we are working on that. We have that very question pending in hearings on a bill, and probably some legislation along that line may be reported in some of these bills that amend the Federal reserve act.

Mr. PARKS of Arkansas. May I ask the gentleman when it will be reported? We have had two years on it, have we not?

Mr. WINGO. On what?

Mr. PARKS of Arkansas. On what the gentleman is talking about.

Mr. WINGO. No; the bill I referred to just passed the Senate the other day.

Mr. PARKS of Arkansas. Oh, I am talking about the principle; I am not talking about the bill.

Mr. WINGO. Of course, my colleague ought to be familiar with what I have been doing along that line. I have been abused enough in my State for the fight I have made to limit extravagant expenditures by these banks, and I have agreed to the pending bill for the sole reason that I am convinced it will prevent larger sums in specific building bills for each branch passed separately.

Mr. SNELL. Mr. Speaker, will the gentleman from Pennsylvania yield?

Mr. McFADDEN. Yes.

Mr. SNELL. Can the gentleman give me any information as to when he expects to call up the validating tax proposition conference report?

Mr. McFADDEN. The conferees have been working diligently on that proposition. The gentleman realizes what a complex problem it is. The conferees are making considerable headway. We had hoped to get the matter before the House to-day, and I regret exceedingly that it has not been possible to do so. I believe that within a few days the conferees will complete their work and report an agreement to the House.

Mr. SNELL. The gentleman will not call it before the first of next week?

Mr. McFADDEN. I would think that it will be physically impossible to call it up before that time.

Mr. SNELL. I would like to have an understanding that we could have a reasonable notice before it will be called up.

Mr. McFADDEN. I shall be very glad to cooperate with the gentleman in that respect and to see that sufficient notice is given so that those interested may be here when the report is called up.

Mr. PARKS of Arkansas. Mr. Speaker, will the gentleman yield to me to offer an amendment to a section of the bill and to offer a new section?

Mr. McFADDEN. I shall be very glad to yield to the gentleman to make an explanation, but I do not want to lose the floor.

Mr. PARKS of Arkansas. I have never seen explanations yet cut very much ice here. It is an amendment that I desire to offer.

Mr. McFADDEN. The gentleman has not consulted me concerning his amendment, and I do not know what he proposes, and we are anxious to expedite the passage of this measure.

Mr. PARKS of Arkansas. All I want to know is whether the gentleman will or will not.

Mr. McFADDEN. The gentleman is opposed to the passage of the bill, as I understand it.

Mr. PARKS of Arkansas. Then the gentleman understands something that I have not said, as far as that is concerned.

Mr. McFADDEN. Is the gentleman in favor of the bill?

Mr. PARKS of Arkansas. I want to offer an amendment to the present bill, and I want to offer a new section to it. All I want to do is to get an answer to my question. I have no way of having the gentleman do it.

Mr. McFADDEN. The gentleman is aware of the parliamentary situation. If I yield to the gentleman to offer an amendment I lose the floor.

Mr. PARKS of Arkansas. I do not want the floor.

Mr. McFADDEN. I am willing that the gentleman shall discuss his amendment.

Mr. PARKS of Arkansas. That is not what I want to do. I do not want to fire blank out in the air. All I want to do is to offer an amendment to strike out one word in the bill, and then I want to offer a new section to the bill. I do not want to discuss it. I am not playing to the galleries, and I have no disposition to do that.

Mr. McFADDEN. I regret that I can not yield to the gentleman for an amendment. I would have been very glad to discuss the matter with the gentleman had he come to me and given me an opportunity, but in the absence of any information in respect to his amendment I do not feel that I can yield to him for that purpose.

Mr. PARKS of Arkansas. I have trotted around here like a poor boy at a cash auction for a good while, trying to find out what you are going to do about this. Nobody told me that the gentleman was going to take up this matter to-day, except what I found from the RECORD. I realize that I ought to have gone to the gentleman, but I went to him so much that I did not want to worry him any more.

Mr. CHINDBLOM. I do not think that anybody was notified.

Mr. BEGG. Mr. Speaker, I would like to ask the gentleman from Pennsylvania as to the interpretation of the language. The bill provides—

> If the cost of the building proper, exclusive of the vaults, permanent equipment, furnishings, and fixtures is in excess of $250,000.

Mr. McFADDEN. Yes; the cost of the building proper shall not exceed $250,000.

Mr. BEGG. Will it be interpreted that the four walls are the cost of the building?

Mr. McFADDEN. Not exclusively. It will include the foundation and building proper. We interpret that the intention of the Congress was to limit "lavish expenditure" for bank buildings.

Mr. BEGG. Well, do the inside fixtures represent the excess of $250,000?

Mr. McFADDEN. Yes.

Mr. BEGG. One further question. Is it not entirely possible to raise the limit of cost of these buildings four or five hundred thousand dollars?

Mr. McFADDEN. Well, I hardly think so. What we are trying to do is to put on the brakes but at the same time to permit adequate banking quarters without extravagance.

Mr. BEGG. I am in sympathy with the gentleman's idea, but I am fearful that he is taking the brakes off.

Mr. McFADDEN. I do not believe so. Mr. Speaker, how much time have I remaining?

The SPEAKER. The gentleman has 35 minutes remaining.

Mr. McFADDEN. I yield two minutes to the gentleman from New Jersey [Mr. APPLEBY].

Mr. APPLEBY. Mr. Speaker and Members of the House of Representatives, as a member of the Banking and Currency Committee I favor the amendment now before this body. Prior to the adoption of the bill limiting the costs of branch Federal reserve bank buildings the sky was the limit for such buildings. I want to concur in the statement of Mr. MADDEN that the Federal reserve system has been earning too much money and, in my opinion, returning too little to the stockholders of the Federal reserve banks. To remedy that situation, last July I introduced an amendment to the Federal reserve act, calling for a 50–50 division of the net profits of the system, this equal division to be paid in addition to the 6 per cent now received by the member banks.

When you take into consideration that banks who are now members of the Federal reserve system in the various cities and towns are the only people who ever put any actual money in the Federal reserve system, they are entitled to more than $6,000,000 dividends out of the $60,000,000 earned by the Federal reserve system in 1921.

I further believe that the rates of rediscounting can be further reduced as suggested by Mr. MADDEN.

I am hopeful that my bill will become incorporated in the Capper bill. Hearings upon both bills are now being held by the Committee on Banking and Currency. Should the measure be reported to the House I will present facts and figures to show that a more equitable division of the net profits should be made between the Federal reserve system and the individual stockholders of that system.

I thank you. [Applause.]

Mr. PARKS of Arkansas. Mr. Speaker——

Mr. McFADDEN. I move the previous question on the bill and amendment.

Mr. PARKS of Arkansas. Mr. Speaker, I make the point of order of no quorum.

The SPEAKER. The gentleman from Pennsylvania moves the previous question on the bill and amendment, and the gentleman from Arkansas makes the point of order there is no quorum present. It is clear there is no quorum present.

Mr. CAMPBELL of Kansas. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The SPEAKER. The Doorkeeper will close the doors, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Abernethy	Frear	Knight	Riddick
Anderson	Free	Kopp	Rodenberg
Ansorge	Fuller	Kreider	Rose
Anthony	Funk	Kunz	Rossdale
Atkeson	Gahn	Langley	Rucker
Barkley	Glynn	Larsen, Ga.	Ryan
Benham	Goodykoontz	Layton	Sanders, N. Y.
Bixler	Gould	Lehlbach	Scott, Mich.
Bland, Ind.	Graham, Pa.	Lyon	Scott, Tenn.
Boies	Griest	McLaughlin, Pa.	Shreve
Box	Hawes	Mead	Sisson
Brand	Hays	Merritt	Slemp
Brennan	Herrick	Michaelson	Smith, Mich.
Britten	Himes	Mills	Stiness
Burke	Hogan	Mudd	Stoll
Cantrill	Huck	Newton, Minn.	Sweet
Carew	Hull	O'Brien	Tague
Chandler, N. Y.	Hutchinson	Olpp	Taylor, Ark.
Classon	James	Osborne	Taylor, Colo.
Clouse	Johnson, Miss.	Overstreet	Taylor, N. J.
Connolly, Pa.	Johnson, S. Dak.	Park, Ga.	Ten Eyck
Copley	Johnson, Wash.	Perkins	Thorpe
Davis, Minn.	Jones, Pa.	Pou	Tillman
Dempsey	Kahn	Purnell	Voigt
Drane	Keller	Rainey, Ala.	Volk
Drewry	Kiess	Rainey, Ill.	Ward, N. Y.
Dunbar	Kindred	Ramseyer	Wheeler
Dunn	King	Ransley	Winslow
Dyer	Kirkpatrick	Reber	Wise
Echols	Kitchin	Reed, N. Y.	Wood, Ind.
Fitzgerald	Kleczka	Reed, W. Va.	Woodyard

The SPEAKER. Three hundred and three Members have answered to their names. A quorum is present.

Mr. CAMPBELL of Kansas. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The motion was agreed to.

The SPEAKER. The Doorkeeper will open the doors.

CONTESTED-ELECTION CASE OF GOLOMBIEWSKI *v.* RAINEY.

Mr. LUCE. Mr. Speaker, I present a privileged report from the Committee on Elections No. 2.

The SPEAKER. The Clerk will report it by title.

The Clerk read as follows:

Mr. LUCE, from the Committee on Elections No. 2, submitted a report on the contested-election case of John Golombiewski *v.* John W. Rainey from the fourth congressional district of the State of Illinois. (Rept. No. 1500.)

The SPEAKER. Referred to the House Calendar.

RESIGNATION FROM COMMITTEE OF CONFERENCE.

Mr. JOHNSON of Kentucky. Mr. Speaker, several days ago when the time came for the appointment of conferees on the legislative appropriation bill the name of the gentleman from Massachusetts [Mr. GALLIVAN] was suggested by the Speaker for one of those positions. At that time the gentleman from Massachusetts was ill and in consequence absent from the House. Because of that fact I was put on in his place. As the gentleman has now sufficiently recovered to be present and as the conferees have never met, I wish to resign for the purpose that he may be put on in my stead.

The SPEAKER. The gentleman from Kentucky [Mr. JOHNSON] resigns as a conferee on the legislative bill, and the Chair appoints the gentleman from Massachusetts [Mr. GALLIVAN] in his place.

AMENDMENT OF THE FEDERAL RESERVE ACT.

The gentleman from Pennsylvania moves the previous question on the bill and amendment to final passage.

The previous question was ordered.

The bill was ordered to be engrossed and read the third time; was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. PARKS of Arkansas. Mr. Speaker, I desire to offer a motion to recommit.

The Clerk read as follows:

Mr. PARKS of Arkansas moves to recommit to the Committee on Banking and Currency with instructions to report back to the House with the following amendment:

"No Federal reserve bank shall have authority to enter into a contract or contracts for the erection of any branch bank building of any kind or character, or to authorize the erection of any such building if the cost of the building proper, exclusive of furnishings and fixtures, is in excess of $250,000: *Provided*, That nothing herein shall apply to buildings now under construction: *And provided further*, That no Federal reserve bank shall have authority to enter into any contract or contracts for the erection of buildings for its head offices or principal banks the total cost of which shall exceed 15 per cent of its capital stock and surplus."

Mr. WINGO. Mr. Speaker, I make the point of order——

Mr. McFADDEN. Mr. Speaker, I make a point of order against the motion to recommit.

In the first place, this is a Senate bill, and not a House bill, and in the second place——

The SPEAKER. Why does that make any difference?

Mr. WINGO. It is not a motion to commit but to recommit.

Mr. McFADDEN. And in addition, Mr. Speaker, it would change the whole basis from a fixed basis to a percentage basis and might mean under such conditions the expenditure of a million or two million dollars on a branch bank building.

The SPEAKER. It does not seem to the Chair that that would be the case.

Mr. WINGO. Here is the situation, Mr. Speaker, that I think the Chair has not yet grasped: Here is a Senate bill on the Speaker's table. The motion of the gentleman from Arkansas [Mr. PARKS] is to recommit it to a committee that has never had it. He does not offer a motion to refer it to that committee. The procedure is clear by which you can handle a Senate bill on the Speaker's table when it comes up.

Now let us get down to the merits of the amendment. There are two ways by which you can handle this question of limitation. The gentleman raises the very question now that has caused all the confusion. Those of us who have been opposed to extravagant expenditures have fought the percentage basis. Now, the rule in the pending bill is a uniform rule, applying to all buildings, with a fixed limit in dollars. The gentleman in addition includes an ingeniously drawn provision that affects that. This says that no building for a head office—this bill covers the branch offices, I mean the pending bill—shall be authorized to cost exceeding 15 per cent of the bank's capital stock. That changes the basis of existing law, which does not have the percentage basis in it, for this reason: Suppose you put it on a percentage basis. It would mean that one bank would have a building that could cost twice what another would cost. Which basis of limitation will you use? One is a strict uniform limitation, applying equally to all buildings. The other is a percentage basis, which would destroy uniformity, which is the object of the bill, and permit one bank to erect a building at one cost, which might be excessive, and another bank at another cost.

The SPEAKER. The Chair thinks that the last part of the gentleman's point of order is well taken and sustains the point of order.

Mr. BLANTON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The gentleman from Texas offers a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. BLANTON moves to recommit the bill with the following amendment: Page 1, line 10, after the word "proper" strike out the following: "exclusive of the cost of the vaults, permanent equipment, furnishings, and fixtures."

Mr. WINGO. Mr. Speaker, I make the point of order that that is the negative of the bill. That is the only new law in the bill. I assure the gentleman from Texas that that is true. That is the object of the bill.

Mr. BLANTON. But there is now allowed furnishings and fixtures in the present law. This changes the present law to that extent.

Mr. WINGO. No. The present law does not mention that.

Mr. BLANTON. Is the present law confined to the sum of $250,000?

Mr. WINGO. Yes.

Mr. BLANTON. I reoffer my amendment, Mr. Speaker: On page 1, line 10, strike out the words "the cost of the vaults."

Mr. PARKS of Arkansas. Now you have got it. That is the very thing.

The SPEAKER. The Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Mr. BLANTON moves to recommit the bill to the Committee on Banking and Currency with instructions to report the same back forthwith, with the following amendment: Page 1, line 10, strike out the words "the cost of the vaults."

Mr. CAMPBELL of Kansas. Mr. Speaker, I move the previous question on the motion to recommit.

The SPEAKER. The gentleman from Kansas moves the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Texas to recommit the bill to the Committee on Banking and Currency.

The question was taken, and the Speaker announced that the "noes" appeared to have it.

Mr. BLANTON. Mr. Speaker, I ask for a division.

The SPEAKER. A division is demanded.

The House divided; and there were—ayes 4, noes 150.

Mr. BLANTON. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER. The gentleman from Texas objects to the vote on the ground that there is no quorum present. The Chair will count. [After counting.] Two hundred and twenty-three Members; a quorum is present. The "noes" have it. The motion to recommit is rejected. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the "ayes" seemed to have it.

Mr. BLANTON. Mr. Speaker, I ask for a division.

The SPEAKER. The gentleman from Texas asks for a division.

The House divided; and there were—ayes 180, noes 7.

So the bill was passed.

On motion of Mr. MCFADDEN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

CREDITS AND REFUNDS.

Mr. GREEN of Iowa. Mr. Speaker, I move to take up the bill (H. R. 13775) to amend the revenue act of 1921 in respect to credits and refunds; and pending that, I would like to ask the gentleman from Texas [Mr. GARNER] as to his wishes in regard to the allotment of time. I do not know whether the gentleman from Texas understood the bill I made a motion on.

Mr. GARNER. I did not. I understand it is in regard to exchanges. I thought the gentleman was going to call up the bill with respect to credits and refunds.

Mr. GREEN of Iowa. Yes. It is the bill (H. R. 13775) to amend the revenue act with respect to credits and refunds. There are a number of Members who want a little time on this bill. It is a very simple bill. I shall not need very much time for debate myself. I will ask the gentleman if he will agree on 30 minutes to a side?

Mr. GARNER. Is this what is known as the refunding bill?

Mr. GREEN of Iowa. The gentleman has in mind, perhaps, the amendment to the sinking fund act. It is not that. It is the one for refunding claims on taxes.

Mr. GARNER. What time does the gentleman suggest?

Mr. GREEN of Iowa. About 30 minutes on a side.

Mr. GARNER. All right.

The SPEAKER. The gentleman from Iowa asks unanimous consent that the general debate on this bill be limited to 30 minutes on a side. Is there objection?

Mr. PARKS of Arkansas. I object.

The SPEAKER. The question is on the motion of the gentleman from Iowa that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 13775.

The motion was agreed to.

The SPEAKER. The gentleman from Illinois [Mr. MADDEN] will take the chair. [Applause.]

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 13775) to amend the revenue act of 1921 in respect to credits and refunds, with Mr. MADDEN in the chair.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

Mr. GREEN of Iowa. I yield 10 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Chairman, there is no occasion at this time to make any reference to the merits of the conditions which brought on the great coal strike of last summer. The fact remains that as a result of it there has been a tremendous shortage of coal all during the present winter. Undoubtedly the Members of the House are well aware of the method of distribution. The Pennsylvania Fuel Commission rated 60 per cent possible delivery to all customers based on the amount of fuel which they received during the past so-called coal year. The commission has been endeavoring to proceed upon that basis during the time that the coal has been mined since the conclusion of the strike. I think on the whole the mining industry has lived up to that percentage very well, because there have been very large supplies both of bituminous and anthracite coal mined during the past few months. The difficulty is that in the stress of weather we have recently been having in New England 60 per cent is not sufficient to prevent great suffering. But if that 60 per cent can be maintained we must in some way provide for the difference and get along until the emergency passes.

During the past few weeks I have had considerable to do with the Federal Fuel Distributor, both Mr. Spens and his successor, Mr. Wadleigh, and I want to take this occasion to say that I have never come in contact with Government officials more anxious to fill their respective positions and to accomplish the purpose for which they held those positions than have these two gentlemen. They have shown a disposition continuously to cooperate to relieve suffering. I have had numerous communications from my section of Massachusetts in reference to the shortage of the 60 per cent, and where information has been furnished me relative to the dealers who supplied customers previously and the number of cars that may have been shipped by those dealers, the Fuel Distributor here has been most anxious to see that the quantities go forward to keep up the 60 per cent. So I want to commend these gentlemen for their efforts in our behalf in this very serious time.

It seems to me all we can expect to do during the present winter is to avoid this very serious suffering, but we have a duty to perform in looking to the future to see that such a condition as now exists, particularly in New England this winter, should not be possible of repetition in the future. I do not stand for Government ownership, but I do believe in very strict control over such a great necessity as coal by the Government in order that there shall not be excessive prices, that the quantity shall be sufficient for our needs, and that the quality shall be properly regulated. I think the Government can go that far and that we ought to go that far.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Indiana.

Mr. SANDERS of Indiana. Does the gentleman think we ought to fix the price of coal?

Mr. TREADWAY. In that connection I would say that I have great hopes of the result of the efforts of the Fact Finding Commission appointed last fall by the President under authority of Congress. The chairman of that board is a very eminent engineer and inventor, John Hays Hammond, and associated with him is such a distinguished citizen as our former Vice President Marshall. I look to see the recommendations that that commission may make in its final report a basis on which we can legislate. As to whether or not it shall include the point to which the gentleman refers, I would prefer to await the report of that body before making my decision. Such high prices as to-day exist must be overcome, either by price fixing or direct control by some authoritative body. Present conditions require positive action.

The whole country is interested, and while our efforts at the present time are for a day-to-day supply, our next move must be to secure some permanent solution of this most grave problem.

Mr. ANDREWS of Nebraska. Will the gentleman from Massachusetts yield?

Mr. TREADWAY. I yield to the gentleman from Nebraska.

Mr. ANDREWS of Nebraska. Does not the gentleman think we ought to do something to bring down the exorbitant price of coal?

Mr. TREADWAY. I absolutely agree with the gentleman, but on that point we must consider this fact: Last autumn there was made a so-called fair price, ranging from $8 to $12.50 per ton at the mine for anthracite coal. In my remarks I am referring almost entirely to anthracite, because that is what we need in our country. The freight rate from the mining section to my home town is $4.54 a ton. Consequently if the fair price for the coal that is being shipped to us in Massachusetts as established by this impartial commission is $12.50 a ton and you add $4.54 to that as the freight rate, the price of coal at the present time among the dealers with whom I am familiar, I am glad to say, is not exorbitant and there is no profiteering in that particular section.

Mr. ANDREWS of Nebraska. Could we not do something in reference to bringing down freight rates if the Interstate Commerce Commission does not?

Mr. TREADWAY. Yes; and we can also do something to bring down the rates which are established as a fair price for the coal at the mine. In my opinion, that is where the basic trouble lies, and I strongly hope, as I say, that the Fact Finding Commission will give us information of very great value for future legislation. Their report ought to be so compre-

hensive that Congress can readily enact legislation that will materially reduce prices.

Mr. ANDREWS of Nebraska. Do not the mine price and the railroad rate together make this exorbitant charge?

Mr. TREADWAY. Certainly. There is nothing else that I know of. Of course, the price at the mine must include the necessary overhead in addition to the actual cost of mining.

Mr. BANKHEAD. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Alabama.

Mr. BANKHEAD. Did not the gentleman in his investigation come to the conclusion that the inadequate car supply was one of the big features in this problem, and that the other was the failure of foreign lines to return their car supplies to the companies who own them where the fuel is produced?

Mr. TREADWAY. I think both suggestions of the gentleman from Alabama are undoubtedly correct as to a part of the difficulty.

Mr. BANKHEAD. In my opinion, those factors constitute the prime difficulty in the whole situation, and if the gentleman can evolve some system of legislation by which that difficulty can be corrected, he will be a great public benefactor.

Mr. TREADWAY. Undoubtedly that subject will be covered by the Fact Finding Commission. I have had some occasion to consult with them and they are deeply interested in the subject. They realize the importance of the position that they are holding and the need for thorough inquiry into the subject.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. GREEN of Iowa. Mr. Chairman, I yield three minutes more to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Chairman, the difficulty is that the question is so tremendously intricate and there are so many different features involved that the people must exercise some patience. We can not accomplish this tremendous task overnight. We must have this inquiry made in proper manner, and the extent to which it goes will, of course, necessitate the consumption of considerable time.

Mr. BANKHEAD. In line with what I said, I think it is proper to state that the coal mines in my district are idle at the present time, from one-third to one-half of the actual producing time, absolutely because we can not get cars.

Mr. ROGERS. If the gentleman will permit, the price of anthracite at the mines is $8.50. The price that we are paying in my part of the world is $18 to $22 a ton. I think the spread there indicates profiteering; and Mr. Wadleigh, whom the gentleman has very properly quoted, has admitted in writing to me that there is profiteering. Does not the gentleman think we ought to get after the coal profiteers and deal with that situation?

Mr. TREADWAY. I do. I thoroughly believe in what the gentleman says, and will gladly join in any efforts that can be made to reach profiteers, but I hold in my hand a statement which will correct my colleague to a certain extent. He says that the price of anthracite at the mine is $8.50. I have a complete list of all of the fair prices issued by Mr. Wadleigh, ranging from $8.50 to $12.50, and I should be very glad to insert it in the RECORD, if desired.

Mr. SANDERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. SANDERS of Indiana. The gentleman's colleague has stated that there has been profiteering in coal, and that the people of his district have to pay exorbitant prices for coal. The people in Indiana, in the coal regions, are complaining bitterly about the high prices paid for shoes. Has the gentleman made any investigation in respect to that?

Mr. TREADWAY. I can not go into that at this time, although possibly the profiteering in shoes may result from local dealers in the gentleman's section taking unfair advantage of his constituents.

The emergency fuel administrator in Massachusetts has recently sent out a statement, which I have in my hand, to the effect that the anthracite conditions are greatly improving in Massachusetts. I do not get any evidence of that, nor do I think my colleague [Mr. ROGERS] does. I think we are short all of the time, and it ought not to be represented to the people that conditions are improving.

Mr. ROGERS. The conditions are getting worse.

Mr. TREADWAY. One difficulty I have had is to get the necessary information from the dealers in coal at home on which to base efforts to cooperate with the Federal Fuel Distributor here.

Mr. CLAGUE. Can the gentleman give us any information when the Coal Commission will report?

Mr. TREADWAY. It has made one preliminary report already. I know nothing about any future report. The report deals largely with bituminous coal, which is not of as much interest to us in New England as is anthracite.

Extracts from the circular letter of the emergency fuel administrator in Massachusetts, to which I have referred, are as follows:

To all local emergency fuel distributors:

That the position throughout our Commonwealth as respects receipt of anthracite coal has been improving and continues to improve from week to week is best indicated by the following table. * * *

Our position, we feel confident, is better than many other anthracite-consuming States, and as good as any, and for this the public at large are to be strongly commended. * * *

With the anthracite position as we see it to-day in our Commonwealth plus the large amount of bituminous coal and other substitutes within our borders, so far as the fuel situation is concerned, there should be no unnecessary suffering.

The entire communication is very optimistic. The other side, directly from the people, is shown in an item appearing in the Pittsfield (Mass.) Eagle under date of January 30, which I insert herewith:

COAL SHORT IN THE CITY, SITUATION SERIOUS—EMERGENCY AS BAD AS IN WAR TIME, DISTRIBUTOR SAYS—ECONOMY IN USE URGED.

That the fuel situation in Pittsfield is as bad as it was in war time was asserted to-day by Simon England, acting fuel distributor.

Somehow or other, possibly because now and then a householder sees a ton of coal delivered at the house of his neighbor, the impression is abroad that there is an endless supply of hard coal in the city. The fact is that there are only a few carloads of the large sizes, he says, and some of the dealers have none at all. It may be only a question of time when the city will have to go on a soft-coal basis.

There is soft coal in Pittsfield, plenty of it, but numerous disadvantages and discomforts attend its use. A great many persons have something to do except to tend furnace all the time. But it is better than nothing—better than freezing. Mr. England urges that people who have hard coal should exercise the utmost economy in its use—make what they have go as far as they can. For four days past there have been no shipments of hard coal into the city and the outlook for the receipt of any considerable quantity is not great. Cooperation in making the limited quantity of hard coal go as far as it will is urged by the distributor.

Steps are being taken in an effort to ease the situation, which at the best is very bad. Meantime, everyone who has a pound of coal is asked to husband it as if it were treasure from Tutankhamen's tomb. It may not be necessary to ask persons who have their supply in to share, though this expedient has been suggested in cases of fuel shortages in the past.

Ashes should be sifted and the bits of salvaged coal used over again. Some householders are able to keep their furnaces going all day "just on cinders." Emergency requests are flowing in every day in ever-increasing volume and there are many distressing cases.

Yesterday I telegraphed to Mr. England asking if the article was correct, and this morning I received the following reply:

PITTSFIELD, MASS., *February 1, 1923.*

Hon. ALLEN T. TREADWAY,
Washington, D. C.:

Article in Tuesday's Eagle is correct and situation serious in Pittsfield. We have about three days' supply anthracite on hand. Your offer to assist is certainly appreciated by the people of Pittsfield. Will wire you at earliest possible moment the numbers of cars en route.

SIMON ENGLAND,
Emergency Fuel Administrator.

This information has already been communicated to Mr. Wadleigh, who assures me of prompt action through his office.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. GREEN of Iowa. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, the Federal reserve banking system was one of the greatest legislative gifts given to the American people under the Wilson administration, for under it there will never be another financial panic. Yet there are growing evils now connected with it that must be controlled. These abuses form about the livest question there is in every district of the United States to-day, for there is very much complaint concerning the lavish expenditure of its money in wasteful extravagance by the Federal reserve banks. It was said that this money comes from the national banks. It comes out of the pockets of the borrowing people of the country. Mention was made of a Federal reserve bank bloc. If our inaction concerning these banks continues as it has been, and these abuses are not corrected, there will be another kind of bloc in the Congress before very many days.

On June 3 of this year we passed an amendment to the act limiting the cost of branch bank buildings to $250,000. That amendment had hardly gotten cold before these Federal banks have forced another amendment through this House to-day. Through a misapprehension of the facts, I imagine many Members voted for it, thinking it was a restriction rather than an enlargement, which it is. What does it say concerning the amendment passed on June 3? It now excludes the cost of vaults, it excludes the cost of permanent equipment, it excludes the cost of furnishing, it excludes the cost of fixtures. In addition to the $250,000 for the building proper there could

be expended several hundred thousand dollars more for vaults, permanent improvements, furnishings, and fixtures. It is just one more enlargement of that restricted amendment that we passed on June 3.

The membership of this House could not get a chance to be heard on the proposition. The great Committee on Banking and Currency moved the previous question after yielding 10 or 15 or 20 minutes, possibly, in debate, and thereby closed the mouth of every Member of this House and gave us no chance to discuss the matter. That is just the way that every single amendment concerning the power of the Federal reserve banks is passed through this House. The time ought soon to come when this committee brings its measures upon this floor, when it will see fit to give the membership of the House a chance to properly consider, discuss, and dissect and understand the provisions of the proposed legislation, so that they may find out whether they are voting to restrict or enlarge the powers now possessed. At home in my district the people are waking up on this proposition. The immense profits which are being made by this system, which are being distributed in big salaries and in the elaborately extravagant fixtures, furnishings, and buildings are not in accordance with the desire of the people generally over the United States. They are waking up on the proposition. You are going to hear from them in Republican as well as Democratic districts, because it is not a partisan question. It is a question concerning which the people of this country are vitally interested. They have a right to have their representatives on this floor heard when these measures are passed day after day.

Mr. GREEN of Iowa. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. LINEBERGER].

The CHAIRMAN. As the Chair has the time, the gentleman from Iowa has only 12 minutes remaining.

Mr. GARNER. Mr. Chairman, we did not have a unanimous-consent agreement. Objection was made to that. Under the rules the gentleman from Iowa will have an hour.

The CHAIRMAN. The Chair has been assuming that the time was equally divided.

Mr. GREEN of Iowa. No; I control the time entirely, with the understanding that I shall give the gentleman from Texas what time he desires.

Mr. LINEBERGER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LINEBERGER. Mr. Chairman, the Ruhr Valley situation, which I am going to discuss here to-day, is one which has been very much before the public mind, not only of this country but of Europe and the entire world, for the last several weeks. The executive committee of the American Legion—representing a fair cross section of the men who fought—recently adopted a resolution embodying, in my opinion, the sentiments of 90 per cent of those who met our late enemies, the Germans, on the battle fields of France, and I desire to read into the RECORD, for the information of the House and of the country, the resolution to which I have referred:

Resolution passed by the national executive committee, American Legion, at Indianapolis, Ind., U. S. A., January 15–16, 1923.

Whereas the Peace Conference following the World War and participated in by representatives of the majority of the nations of the earth, including the United States, determined, among other things, that Germany should pay certain reparations; and

Whereas on April 27, 1921, the Reparation Commission in execution of article 233 of the peace treaty fixed the total amount of reparations due from Germany to all the Allies at 132,000,000,000 gold marks, which Germany, on May 11, 1921, accepted unconditionally, and France by agreement of the Allies was to receive 52 per cent of all reparations awarded, including certain deliveries of coal, lumber, and other payment in kind; and

Whereas within a short time after the acceptance of the reparations award Germany fell in arrears in the payment of money and in the delivery of material as provided by the treaty, and the people of Germany began to send out of the country gold, securities, and other forms of wealth and to seriously impair if not wreck the whole German financial system for the purpose of avoiding payment, and by evasion, trickery, and sundry devices sought to deprive France of the awards made by the Peace Conference and accepted by Germany, was on January 10, 1923, in default in the delivery of coal and lumber; and

Whereas for the purpose of securing compliance with the terms of the peace treaty France has now occupied certain territory in the Ruhr Valley: Therefore be it

Resolved by the national executive committee of the American Legion in session in the city of Indianapolis, United States of America, this 15th day of January, 1923, That the action of France in so occupying said territory was and is justified; that she is endeavoring by the only effective means to collect a debt which the majority of the nations of the earth have decreed she is justly and properly entitled to; that we approve her course in the premises and wish her success to the end that the wrongs endured and the damages suffered by her may to some extent be compensated, the fruits of victory enjoyed, and the war stay won; be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, to the presiding officers of the Senate and House of Representatives, and to the French ambassador at Washington.

Whereas the youth of America in 1917 and 1918 offered all they had to bring peace, justice, and happiness to the world, and in that effort cooperated with their stricken allies; and

Whereas, the lives and health of thousands of American boys were given to that holy cause; and

Whereas the peoples of the world are now torn and bleeding from the effects of the war and the consequent fears, distrusts, hates, and misunderstandings; and

Whereas the ex-service men of America still long to restore to the world peace, justice, and happiness, the things for which they fought and their comrades died; and

Whereas there remains in the heart of every ex-service man the memory of friendship and common service with our allies and also a desire to be generous to a defeated foe: Now, therefore be it

Resolved, That the national executive committee of the American Legion assembled at Indianapolis, Ind., expresses its hope that the cause of justice and world tranquillity for which their comrades' lives were sacrificed may continue to the good of our great country, and we respectfully request our Government to lend its aid as its good judgment may dictate to abate the world's crisis and assist in the establishment of peace on earth and good will to men.

Now, in this question of the so-called Ruhr invasion, I recognize the fact that this House as such is not charged with the control of our foreign affairs. I recognize that those powers are primarily vested in the Executive, who, in consultation with the upper House or Senate, must make all decisions. Notwithstanding that fact, however, Mr. Chairman, the Members of this House are deeply and vitally interested in all questions which affect international justice and the peace of the world. About 10 days ago, I believe, on January 20, the gentleman from New York [Mr. LONDON], who from time to time makes very interesting talks here on matters affecting government and politics, from a Socialist's standpoint, arose on the floor of this House to discuss this same situation. At that time the gentleman from Texas [Mr. GARNER] asked the gentleman from New York this question:

Mr. GARNER. The gentleman said that this country ought to do something. What would the gentleman have this country do?

Mr. LONDON. I would have the American Congress express in kind but solemn words the desire that the invaded territory be evacuated. I would ask that the President be instructed to mediate. I would urge the convocation of an international economic conference. I believe that, in the name of the joint sacrifices made by the United States in the war, France owes a respectful hearing to the American Congress. Because France relied for sustenance in her distress on Czarism, it was not Czarism that saved her; it was the American democracy that finally saved her.

Now, gentlemen, I do not deny the latter part of the gentleman's statement. It was the American Republic, backed by the American people, which finally threw its weight to the side of the Allies, which gained the final victory, and for that reason if for no other America is vitally interested in seeing that the war stays won. [Applause.] I know the Ruhr area very well, almost as well as I know the section around Washington. I have been there on sundry occasions, both as an American soldier and as a civilian, and just a little over a year ago I was in the Ruhr Valley from Bochum through Essen to Ruhrort, as well as in other large industrial towns in that area. It can be truly said that the Ruhr Valley is the heart of German industry, and if Germany is to pay the reparations to which she is committed and for which France and her allies have suffered it is to be expected that they will largely be extracted from this territory. Now, what is the situation? Four years after the war we find that the Germans have paid the French less than $2,000,000,000 gold on reparation. We find that the French Government has spent almost eight billion in the reconstruction of their devastated Provinces, and the work is far from completed, all of which, or practically all, has been raised by internal taxation within the French Republic, after four years of war in which they were bled white in men and resources. Let it be remembered that France lost the flower of her manhood—1,500,000 in round numbers—and that her fairest and richest Provinces were plundered, wrecked, and ravaged from Belfort, near the Swiss border, to the sea. This does not take into account her wounded and mutilated, the human wreckage of a war which Germany and not France had provoked. "On n'oublirá pas"—One can not forget. [Applause.]

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. LINEBERGER. Briefly.

Mr. COOPER of Wisconsin. The gentleman said that Germany had already paid 2,000,000,000 in gold. Did the gentleman mean in gold?

Mr. LINEBERGER. I mean in gold dollars. I am speaking in dollars. I have translated the amount into dollars.

Mr. COOPER of Wisconsin. Does the gentleman mean those were paid in gold marks, in the actual gold?

Mr. LINEBERGER. No; I did not mean they were actually paid in gold marks. Most of this has been paid in kind, as the gentleman well knows; coal and various other commodities are included.

Mr. COOPER of Wisconsin. Three hundred and fifty thousand cattle and hogs and 150,000 cars, and much other property more than two years ago.

Mr. LINEBERGER. But she is still far from reconstituting the loss which she imposed upon France by her four years' invasion. The reparations obligations have been reduced several times and are now 132,000,000,000 gold marks, or about 31,500,000,000 American dollars, for all the Allies. This is a reduction of over two-thirds of the original amount, and still Germany trys to evade. France only gets about half of the reparations.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. LINEBERGER. Briefly.

Mr. SANDERS of Indiana. I will say when the gentleman used the term "gold dollars" he meant the equivalent in gold marks?

Mr. LINEBERGER. Yes; the gold mark is worth about 24 cents. Now, the gentleman from New York not only delivered an address here on the floor of this House but he is quite active elsewhere. He is certainly within his privileges, if he sees fit, in making addresses elsewhere, and I said he was quite active, and I quote from the Washington Times of January 29, 1923, which says:

MEYER LONDON, Socialist Congressman from New York, will speak at a meeting of the club to-night on the invasion of Ruhr—

Which news item referred to an address which he delivered before the Washington Y. M. C. A. on that date.

In Europe last year I was quite surprised to find that the addresses in Congress of the gentleman from New York, for whom personally the Members of this body have nothing but sympathetic regard although they differ vitally with the theories which he advocates, were translated into German and into Russian, and that they were used as propaganda from Berlin to Moscow, and I have no doubt but that the address which he recently delivered on the Ruhr, delivered from the floor of this House will go out ultimately in similar form, and I do not desire that people in this country or in France, Germany, Russia, or elsewhere in Europe shall for one moment believe that there is any considerable body of American Congressmen who adhere to or who concur with the ideas presented by the gentleman from New York on the Ruhr situation. [Applause.] I want to say to you gentleman, that the large industrialists of to-day in the Ruhr were the leading imperialists of yesterday and they are still imperialistic and monarchistic at heart. As I have been able to judge them from my conversation and contact with them in Europe should they succeed in evading their reparations obligations and thereby cause the French effort in the Ruhr to end in failure, I have no doubt but that their prestige would be so enhanced with the German people and with the German Government, that a reversion to a monarchy with very chauvinistic inclinations, would ensue in the very near future.

It shows me that we may have every reason to be interested in a larger sense in this proposition; at least, in its final outcome. However, I do not want to be misunderstood or misquoted and I want to say that I am indeed proud that our administration—and I do not speak of the administration as a Republican administration or in any partisan sense—the administration which has handled the foreign affairs of this country for the whole American people has taken the attitude which it has taken, to wit, hands off. We should take no action whatever which could be interpreted by our late enemies, with whom we are now at peace, to encourage them in any manner whatsoever in the belief that we will assist them in avoiding their obligations. For we will not do so. Of this I am sure. I am also of the opinion that we should take no attitude whatever to encourage or discourage France. Hers is a peculiar problem and she understands best in what direction her vital interests lie. Her old comrades in arms follow the outcome with sympathetic interest, but the American Government, at peace with both nations to the controversy, is pursuing a course which meets with the approval of its citizens, no matter what their personal judgment or sentiment may be as to the merits of the issues at stake. [Applause.] Unhindered, let our old friend and ally, France, go her way, and if she can collect the money, so far as I am concerned, I say, "Bon voyage, and good luck." [Applause.]

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. LINEBERGER. I prefer not to yield. I have only a short time left. If France can collect her just and lawful debt of Germany, Americans and all others who believe in justice as an immutable foundational of principle in the universe should rejoice, according to my way of thinking, at least; and I want to place in the RECORD an editorial from the January 29, 1923, issue of the New York Times which reflects a view which should not be disregarded in shaping our present or future attitude in this matter. The editorial is as follows:

WHERE OUR SOLDIERS STAND.

[From the New York Times, Monday, January 29, 1923.]

While cautious statesmanship is neutral or antagonistic as regards the occupation of the Ruhr by France to compel Germany to make a reparation settlement, the American soldier is declaring himself as one entitled to be heard. He thinks about the economic campaign of the French just as he fought in battle, and he speaks out in the spirit of the brave old alliance. A few days ago Col. Alvin M. Owsley, national commander of the American Legion, in an address at Atlantic City, reminded his hearers in the Morris Guards Armory that France was trying to collect the debt that public opinion in America at the time of the Paris conference decided should be paid. He might have added that France was willing to take less than the terms of the bond. Did the American soldiers who fought in France, and by their might and valor brought about the victory, condemn the occupation of the Ruhr? The Legion commander answered for them, and it may be assumed that he knew their sentiments:

"I announce to America that the heart and hand of the American Legion remain with the French Republic."

It is significant that this positive utterance "aroused storms of applause." Colonel Owsley then declared: "The trouble is that the enemy has not heard from America since we left the fields of battle." That feeling seems to be spreading through the country, in the sense that men think Germany should be made to pay France to the limit of ability. The seizure of the Ruhr is an attachment of the goods of the debtor. It can be dissolved only by a bona fide agreement to settle and by prompt payments on account. Another soldier, greatly honored and esteemed, Maj. Gen. John F. O'Ryan, of the Twenty-seventh New York Division, has also come out strongly for France. In a talk to the National Guard Association of New York he used this plain language:

"The manner in which the facts are at times misrepresented and obscured tends to lead the unthinking and the unstable to shift their loyalty from the cause of France, which was our cause, to the cause of political expediency or of business opportunity."

It was General O'Ryan's deliberate opinion that, pay what they might, the Germans could never expiate the crimes they committed against liberty and painfully accumulated property in the four years of war, and that they could never make amends for the anguish and suffering they had caused the world. The following were timely words:

"In considering the present policy of France it is well to remind ourselves what some persons are beginning to forget, namely, that the destruction was not wholly a by-product of the waging of battle. Very largely the ruin of French industry and agriculture was the result of a fiendish policy of deliberate and scientific destruction which literally tore the property to pieces. We saw these things with our own eyes."

France herself has expended billions of francs in the work of reconstruction; Germany comparatively little, in spite of her solemn engagements. France is not trying to wring an indemnity from Germany but to make collections under the name of reparations to save herself from ruin. That the German armies endeavored to wreck France industrially during the war is a historic fact. Judging from the context, General O'Ryan seems to have been speaking for the ex-service men and for the whole country when he said:

"In the present phase of the struggle our help is equally needed and our responsibility would seem to be equally great. Whether we are in complete or partial accord with all that France is doing, whether we are barren of sympathy for Germany, or would forgive and forget, the truth is that our active participation is essential at this time."

Since France took over the Ruhr the German Government has lived in hope of enlisting the moral influence of America to defeat the purpose of the French. The moral influence of the American soldiers it has not reckoned with, but that influence will evidently be thrown into the scale on the side of France. The war will not have been finally won until Germany is held to the reparation debt, admits the claim, and puts her back into the work of clearing it off.

Her defense of civilization during those four dark years, when she was practically bled white, at least entitles her to some sympathetic consideration. [Applause.] The quiet serenity, the moderate attitude, the admirable efficiency with which France has proceeded to her unwelcome task has been the admiration of all who appreciate the obstacles with which she is confronted. I know it is fashionable just now to say bitter things about France, but the ex-service men who met the Germans on the battle fields of France do not care to be fashionable.

Germany says she can not pay for the ruin she has wrought, but meantime her profiteers and munition makers are rolling up their billions. France says collect from these men. Germany says she can not do it. France says very well I will help you. That is what the occupation of the Ruhr Basin means. It is not an invasion of Germany. It is the serving of a writ on Stinnes, Thyssen, Krupp von Bohlen, and others of their kind. It is dangerous, but every emergency measure involves danger. America prays for a peaceful result.

France has waited four years, taxing its people four times as much as Germany taxed its people.

So far it is evident, however, that the French have carried out their plans with efficiency and quietness and with a sort of determined serenity. They have placed their troops in positions of strategic advantage without flaunting their military forces. It is reported that the French are concerned to discover the extent and obstinacy of the German passive resistnace. There has been little or no violence. Within the first week the only casualties reported were not the result of attacks,

primarily, by Germans upon the French, but of riots between two German factions which the French soldiers had to bring to an end. Up to January 23 the casualties apparently have been less than have occurred in many a raid of American prohibition officials upon moonshiners or bootleggers.

If Europe is short of coal, it is not the fault of the French who occupy the Ruhr, but it is the fault of the Germans who deliberately put out of business the coal region of Lens, besides destroying industrial machinery of enormous value.

People who are saying that France is going to get nothing out of this adventure in the Ruhr Valley have failed to indicate how much France was getting out of the alternative she has been trying for the last four years.

In conclusion, I want to sum up the situation as I see it.

It has been clear that if the damage were not thus repaired, France and not Germany would lose the war.

Yet it has been equally patent for many months that Germany was not paying and did not mean to pay for the damage she had done, and that if the Allies had laid upon German shoulders a burden beyond German capacity, it was equally plain that the Germans were prepared to avoid and evade all burden so far as it was humanly possible. It was also manifest that the Germans relied upon the United States and upon Great Britain to prevent the French from collecting war reparations.

So far France has expended $8,000,000,000 upon her devastations and war pensions and Germany has paid her not over a quarter of this amount. It will be necessary for France to expend several more billions upon her reconstruction before she can house the people who are still living in temporary shacks or barracks after four years of peace.

In this situation, what is the position of France? If Germany does not pay eventually, French taxpayers will be burdened with a debt of some ten or twelve billions growing out of German devastations and the care of French soldiers crippled and mutilated during the war. Germany, by contrast, has no devastations, and if she escapes paying reparations will, in addition, avoid a foreign debt, while France remains bound to pay some seven billions to her allies of the war for loans.

The treaty of Versailles provided that France should be reimbursed for her losses of civilian property, for the destruction due to German invasion and occupation, and in addition for the costs of war pensions. I am going to discuss this whole aspect in a moment, but now I desire to make clear one fact. The choice for France was not, as seems in America to be assumed, between reasonable payment—that is, German payment of sums which might be regarded as possible—and a sterile insistence upon sums out of the question. The choice of France was between the occupation of German territory, which is richly productive, with the possibility of collecting something, and a continuation of the present situation, where practically nothing is paid by Germany.

It is a profound mistake to argue that France was presented with an alternative and that she chose the less advantageous course. No proposal was made to France either by Great Britain or the United States, much less by Germany, which would give her even the slightest assurance of receiving sums which were in any sense adequate, while falling within the four corners of German capacity.

It is more likely, I believe, that French occupation may lead the Germans, and particularly the industrial and financial magnates, to back down and force their Government to make reasonable proposals accompanied by satisfactory guaranties. In that case the French occupation may be terminated without great delay and with no real material loss. This is what the French themselves hope for and profess to expect.

Undoubtedly this might have been the outcome had the United States not wavered in interest and had the British loyally supported French policy. But the American and British courses have manifestly encouraged the German to resist rather than to pay. And it seems to me, on the whole, not very likely that there will be any satisfactory German proposal, and, therefore, that we are in for a long French occupation, but it is not France's fault—the fault lies elsewhere in Europe.

The trouble is that some Americans and the British actions have manifestly encouraged the Germans to resist and to refrain from making any such proposals. And it would seem that, for the moment at least, Germany will continue this policy of passive resistance. As for an international conference, it would consider only the question of German payments, for the French will not now consent to leave the Ruhr until Germany provides the necessary guaranties for future reparations payments.

To those who are not familiar with, or who have forgotten, what France suffered at the hands of a victorious Germany in 1871 I would recommend that they read "La dernière classe" (The Last Class) and "Mon Village" (My Village), both classics of their kind.

I remind you of the sacred declaration of the Alsatian and Lorraine deputies at Bordeaux at the moment when Alsace and Lorraine were torn from the bleeding side of France and ruthlessly annexed to monarchial Germany.

The oath which they took, thank God, has been vindicated and the impassioned words then spoken will ring down through the centuries. These words which are immortal to every patriotic Frenchman, are as follows:

Nous jurons, tant pour nous que pour nos enfants et leur descendants de revendiquer eternellements le droit des Alsaciens et des Lorraines de rester membres de la Nation francaise.

Which freely translated says—

We pledge, not only for ourselves but for our children and their descendants, to revindicate for all time the right of the Alsatians and the Lorrainers to remain members of the French nation.

Forty-seven years later this pledge was revindicated, and the great French nation, sober and temperate in victory as in defeat, has won its right to live its own life without forever shuddering in the shadow of German militarism and German aggression. [Applause.]

The CHAIRMAN. The time of the gentleman from California has expired.

The gentleman from Iowa [Mr. GREEN] is recognized.

Mr. GREEN of Iowa. Mr. Chairman, I ask to be notified at the expiration of 10 minutes.

The CHAIRMAN. Very well.

Mr. GREEN of Iowa. Mr. Chairman, I shall confine my remarks entirely to the bill which is before the House. This bill and some others which will follow it are all bills which are recommended by the Treasury Department. They are designed primarily to aid in the collection of the revenues, and some of them are very important in the way of increasing the revenues of the Government.

The particular bill that we have now before us is partly, and perhaps mostly, in the interest of the taxpayers, although to a certain extent it is in the interest of the Treasury. I think, Mr. Chairman, that the explanation given in the letter of the Secretary of the Treasury, which is found in the report, is as good as any that can be made, and I will ask that the Clerk read it in my time.

The Clerk read as follows:

TREASURY DEPARTMENT,
Washington, January 13, 1923.

Hon. WILLIAM R. GREEN,
Acting Chairman, Committee on Ways and Means,
House of Representatives.

MY DEAR MR. GREEN: I have your letter of January 12, requesting any comments that I may care to offer with reference to a bill (H. R. 13775) to amend the revenue act of 1921 in respect to credits and refunds.

The proposed bill amends section 252 of the revenue act of 1921 in two respects: First, by providing that a refund or credit of income, war-profits or excess-profits taxes may be made if claim therefor is filed by the taxpayer within one year from the time the tax was paid even though not filed within five years from the time the return was due, and second, by providing that where a tax is erroneously or illegally collected from a withholding agent the refund shall be made to the withholding agent unless the amount of such tax was actually withheld by the withholding agent.

Section 252 of the revenue act of 1921 provides that no credit or refund of income, war-profits or excess-profits taxes shall be allowed after five years from the date when the return was due unless before the expiration of such five years a claim therefor is filed by the taxpayer. Section 3228 of the Revised Statutes, as amended by section 1315 of the revenue act of 1921, provides that a claim for the refunding or crediting of any internal-revenue tax erroneously or illegally collected must be presented to the Commissioner of Internal Revenue within four years after the payment of such tax. The present ruling of the Treasury Department is that section 252 of the revenue act of 1921 and section 3228 of the Revised Statutes should be read together, and that a refund or credit of income, war-profits or excess-profits taxes erroneously or illegally collected may be made if claim therefor was filed within four years after the tax was paid although not within five years after the return was due. The necessity for a provision allowing the filing of a claim within a given period after the tax is paid, even though not within five years after the return was due, is apparent. In the case of an additional assessment of income, war-profits or excess-profits taxes after the expiration of the five-year period from the time when the return was due, which is permissible in cases where the taxpayer has waived his rights under the statute of limitations, such assessment would be final when made and the taxpayer would be barred from filing a claim for refund even to form the basis for a suit at law for the recovery of the taxes paid. The existing ruling of the Treasury Department, allowing a taxpayer to file a claim within four years after the tax is paid even though not within the five-year period after the return was due, is of very doubtful legality, and consequently it is deemed advisable to clarify the situation by means of legislation, and provide unequivocally that a claim for refund or credit may be considered by the department if filed within a given period after the tax was paid even though not within five years from the time the return was due.

For the reasons stated above I approve the proposed bill amending the revenue act of 1921 both as to form and as to substance.

Yours very truly,

A. W. MELLON, *Secretary.*

Mr. GREEN of Iowa. Mr. Chairman, the committee will see from the reading of this letter that this bill applies only to claims for refund that are made more than five years after the taxes become due. That is, in other words, so far as anything that the Treasury has before it at the present time the bill applies only to taxes for the year 1917 that became due in 1918, as to which the five-year limitation is now running against the Government and also running against the taxpayers. Now, there are some of those claims that are still unsettled.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. BURTNESS. Can the gentleman give us any plausible explanation as to why these claims for 1917 are still unsettled, and why there is such a vast number of them as there appears to be?

Mr. GREEN of Iowa. My understanding is that there is no very great number at the present time. They have nearly finished auditing those for 1917.

Mr. BURTNESS. I take it for granted that the gentleman has about as many inquiries as the usual Member of Congress has, as to claims arising out of that very year, from his constituents. I understood it is quite a general experience of Members of Congress at this time to have many inquiries about the taxes of 1917.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. In a moment. I have had some inquiries, and I presume the gentleman from North Dakota has had some; but that is only a small proportion of the great number that have been before the department.

I said that most of these claims are now audited. Some of them have been only audited recently, and for that reason they have not yet been settled. The situation is now in this form: A taxpayer, upon the audit being made, claims that the Government is still taxing him too much. Thereupon the Government says, "If you will waive the statute of limitations, we will examine your claim." The taxpayer, as a rule, consents, and then after the expiration of five years the Treasury officials say to him, "We have concluded your claim is not good; you must pay up at once." The taxpayer has then let the five-year limitation expire and he has no resource except under this ruling of the Treasury, which the Secretary of the Treasury says is of very doubtful legality. I do not think it is. My own opinion is that there is no foundation in the law for allowing the taxpayer four years further after the payment of the claim. But unless the Treasury so held, he would have no opportunity to contest what might be an illegal assessment. He would be compelled to pay at once or submit to execution and penalties, and have no chance of correction.

We think this would not be fair to the taxpayer. On the other hand, we think the present ruling of the Treasury puts the Treasury itself in a bad situation, because it gives the taxpayer four years after the five-year limitation in which to make a claim, and the matter might be prolonged in that way 9 or 10 years, which would be a bad thing for the Government.

Now I yield to the gentleman from Michigan.

Mr. WOODRUFF. The gentleman has covered what I wanted to ask him about.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. LINTHICUM. We have amended the law extending the limit five years, which would include 1917, would it not?

Mr. GREEN of Iowa. Yes.

Mr. LINTHICUM. Would this preclude a man who filed his claim before 1920?

Mr. GREEN of Iowa. No; nor would it help him. He would have a year, I will say to the gentleman, after the time he paid, as long as the claim comes up within the five-year period. This will not alter the situation. If it goes beyond the five-year period, he will have a year from the time he pays in which to make his claim, which the committee thought was sufficient.

Mr. LINTHICUM. For example, a man's taxes are being reaudited for 1917, and perhaps he will be found to owe more than were reported for 1917.

Mr. GREEN of Iowa. Yes.

Mr. LINTHICUM. It may be that he has some set-off, some claim for a refund for that year. Will he be able to procure that refund for 1917 under this act?

Mr. GREEN of Iowa. That is one of the important features of the act, that it permits such an application to be made, and one of the main purposes of the act was to give him a year within which to do that thing.

Mr. LINTHICUM. After the reaudit has been made, then he has an additional year in which to file his claim, as I understand.

Mr. GREEN of Iowa. He is given a year from the time that he makes the payment. When the reaudit is made the Treasury will call upon him to settle up, but he will still have another year to ask for a refund.

Mr. LINTHICUM. He has already paid the taxes he thought he owed for 1917, and then the Government finds that he owes more taxes.

Mr. GREEN of Iowa. Yes.

Mr. LINTHICUM. And he finds that he is entitled to some refund. Will he have a year after that additional payment in which to file his claim?

Mr. GREEN of Iowa. He will, so far as that payment is concerned. That is one of the main purposes of the bill.

Mr. BURTNESS. Is not this a correct statement of the situation? He will have an additional year in which to file a claim for a refund of the additional amount which he pays at the behest of the Internal Revenue Department; but if the taxpayer believes that the payment he had already made was larger than it should have been he will not get an additional year in which to file a claim for refund of that portion which he had previously paid, erroneously in his contention. In other words, is not the situation simply this, that if prior to March 15 the department in auditing the 1917 returns finds that the taxpayer is owing $1,000 and it makes a demand for that amount, and the taxpayer in turn pays that $1,000 on the 1917 return, then under this bill he will have a year in which to file a claim for a refund of the $1,000; but if the taxpayer on verifying his return—checking it over, and so forth—finds that the auditor is wrong, at least as the taxpayer thinks, to the extent of $1,500 against him, he can not file a claim for the refund of that $1,500.

Mr. GREEN of Iowa. If the payment is made within the five-year period, or a year before the expiration of the five-year period, this act will not help him any. It will not put him in any worse situation, but it will not help him any. He will have until the expiration of the five-year period in which to make his claim.

Mr. BURTNESS. The present situation is this, that if the department finds immediately prior to March 15 that the taxpayer should have paid a certain amount more than he did pay on the 1917 return, then without this legislation he has no recourse whatsoever, because he can not file a claim for a refund after the five-year period is over, and that is over on March 15.

Mr. GREEN of Iowa. The gentleman is correct.

Mr. BURTNESS. So in that case he is entirely up against it, and this legislation will give him relief in so far as the extra amount demanded by the department prior to March 15 is concerned, but will not give him any relief under the conditions referred to by the gentleman from Maryland [Mr. LINTHICUM], where the taxpayer thinks he had paid too much for 1917.

Mr. GREEN of Iowa. The committee did not see any reason why he should not file his claim within the five years, and so we did not think he needed any relief.

Mr. Chairman, how much time have I remaining?

The CHAIRMAN. Thirteen minutes.

Mr. GREEN of Iowa. I yield to the gentleman from Texas [Mr. GARNER] 10 minutes, or as much of that time as he may desire.

Mr. GARNER. Mr. Chairman, some gentlemen have asked me questions that bring to my mind a very important matter. There has been a great deal of criticism of the Treasury Department—and I am not certain that it is not just criticism—for the reason that they have not got their income and excess profits tax adjustments more nearly up to date. One of my colleagues asked me why we did not adopt an amendment requiring them to make the adjustment within one year after payment of the tax. One reason is because it would be physically impossible. Another reason is that the adjustments for the taxable year of 1917 are based upon the values of 1917, and the department has just recently got those values in shape. The officials say they can adjust these taxes very fast after they once get the valuation. I can understand that for the adjustment of the income tax and the excess-profit tax especially it is absolutely essential that the department should have the valuation basis to go upon, and they say they are going to bring them up to date. I asked the Assistant Secretary of the Treasury why he did not ask Congress for enough money to put 5,000 or 10,000 men to work, or whatever number were necessary, and he said he could not utilize them with any degree of economy on account of the fact that he had not obtained the valuation basis upon which to adjust them. So much for the apparent neglect of the Treasury Department.

This bill contains only these two propositions. One is that the taxpayer this month is undertaking to settle his adjustment for 1917. The Treasury Department is not satisfied to close the

matter in a hurried manner without complete information, and the taxpayer is not satisfied. So the Treasury Department says, "If you will waive your rights we will give you another hearing and look into this matter." The taxpayer says, "All right." The Treasury Department says, "If you do not waive your rights we are going to assess you $100,000 or $1,000,000, as the case may be, with the right to present a claim later for a refund." Now, this amendment gives the taxpayer a year to come in and make his claim. If he paid under protest now he would possibly be barred on the 15th of March of this year, under a strict construction of the law.

Mr. STAFFORD. Mr. Chairman, I have an impression that as far as the 1917 returns are concerned, if the Treasury Department had not made any reassessment prior to March 15, 1921, the department was barred from making any further levy. Some time ago—about two years ago—the Treasury Department sent around to all corporations blank forms requesting the taxpayer to waive the statute of limitations which would expire March 15 of that year. This bill, as I understand, will give the department the right to make a levy regardless of that.

Mr. GARNER. That is correct.

Mr. CHINDBLOM. If the gentleman will allow me, the statute of limitations will expire the 1st of March, 1923, for 1917.

Mr. STAFFORD. There was one return as to which the statute of limitations expired on March 15, and the department sent around blank forms asking the corporations to waive that. After that the department could only recover the tax they claimed through the courts and not by levy.

Mr. GARNER. First they were barred on the 1st of March, and we extended it to the 15th of March. Let me say to my friends on both sides of the House that this is a question of claims against the Government for erroneous taxes, taxes collected illegally, a contest as to how much the taxpayer should pay.

I do not believe that the membership of the Congress understands this situation with reference to the power that is in one man's hands. The Secretary of the Treasury literally commands hundreds of millions of dollars—money in his hands subject to his own discretion. I do not want to say that I believe for a moment that the Secretary of the Treasury would abuse that power. I do not think he would. The present Secretary of the Treasury is a man who would not abuse that privilege in any way. Nevertheless there has been considerable criticism about so much power resting in one man's hands. I know that Members of the House and members of the Ways and Means Committee are criticising the Treasury Department now, and we have asked for data for the purpose of ascertaining how much was remitted to certain corporations and individuals in this country. For instance, gentlemen will remember the other day seeing in the newspaper an account where Cudahy & Co. had recovered something like $2,000,000 of taxes erroneously paid. It is said that some taxpayer down in North Carolina has collected a very large amount.

All these matters, of course, are of rumor and are of a general nature. However, there ought to be created in the Treasury Department a sort of court to take the place of the present arrangement. As I understand the present arrangement, it is if a man has paid taxes erroneously or if taxes have been collected from him that ought not to have been collected he presents his claim to the Treasury Department. The Treasury Department then refers it through the Internal Revenue Bureau to a board composed of either seven or nine men, I forget which. It is true that they are high-class, well-informed gentlemen, so far as I know. That board hears the counsel representing the individual taxpayer or the corporation or the taxpayer himself without counsel, and there is a representative of the Internal Revenue Bureau present. They thrash the matter out and come to a conclusion as to how much additional tax shall be assessed or how much shall be refunded, as the case may be. That is a good arrangement, but it so happens that these young men who compose the appeal board do not stay there long. They go out and announce that they are going to practice law in Wall Street, in Chicago, or at some other place.

Mr. STAFFORD. Mostly in Washington.

Mr. GARNER. And a great many in Washington. One of them came to my desk to-day and announced that he was going to practice law in New York. What we need to handle claims arising out of about three billion dollars worth of taxes a year is a permanent court, which will have responsibility, and if necessary the tenure of office should be for a long term of years; and then, before this court, let matters between the taxpayers and the Government be adjusted. I am not sure that such a court should not have original jurisdiction with appeal direct to the Supreme Court. I mention this for the purpose of calling the attention of the Judiciary Committee to the advisability of having hearings on the problem with a view to presenting such legislation as will fit this pressing need. I do not want to provide the court through the Committee on Ways and Means. I would rather have the Judiciary Committee do that. However, if something is not done within a month or two after the next Congress meets I hope to call the matter to the attention of the House and to the Committee on Ways and Means with a view of establishing a permanent arrangement in the Treasury Department to settle these differences between the taxpayer and the Government.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. GARNER. Yes.

Mr. MOORE of Virginia. How does the gentleman suppose the amount of claims in a year of the character he is discussing now compares with the claims that go before the Customs Court?

Mr. GARNER. The amount of claims before the Court of Customs Appeals is insignificant compared with the claims I have mentioned, and yet we have a very important Court of Customs Appeals. I think it is very essential that we have such a court, and I think something of the kind ought to be done here. I am not one of those to pay attention to rumors here or there with reference to some one having had remitted $300,000, or some sum, this much or that much, through influence. One hears things of that kind all of the time. I do know that the present arrangement is not suitable for permament retention. My friend from Iowa [Mr. GREEN] may say, "Why did not the Democrats do that when they enacted the original law?" When the original law was passed providing for an income tax nobody ever dreamed that we would have the enormous tax now being collected, and during the war we had little time in which to create permanent machinery. The time has come now, however, when there ought to be something done to solve the problem. The present arrangement is unsatisfactory, in my opinion. We do not want to put it into the power of one man, I do not care how honest he may be, to remit a million dollars of back taxes to any man or corporation. That is too much power to put into the hands of any one man, whether he be a Democrat or a Republican. There ought to be a court of seven or nine men, whose position should be permanent—men of the highest type that we can get. I rose to call this to the attention of the committee in connection with this amendment proposing to give additional time within which one can make claims against the Government.

Mr. STAFFORD. Do the hearings before the Committee on Ways and Means disclose the status of the Bureau of Internal Revenue in respect to returns for back years?

Mr. GARNER. I do not think they do. My recollection is that in discussing that matter it was at an informal meeting of the committee.

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired; and the Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That section 252 of the revenue act of 1921 is amended to read as follows:

"SEC. 252. That if, upon examination of any return of income made pursuant to this act, the act of August 5, 1909, entitled 'An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes,' the act of October 3, 1913, entitled 'An act to reduce tariff duties and to provide revenue for the Government, and for other purposes,' the revenue act of 1916, as amended, the revenue act of 1917, or the revenue act of 1918, it appears that an amount of income, war-profits or excess-profits tax has been paid in excess of that properly due, then, notwithstanding the provisions of section 3228 of the Revised Statutes, the amount of the excess shall be credited against any income, war-profits or excess-profits taxes, or installment thereof, then due from the taxpayer under any other return, and any balance of such excess shall be immediately refunded to the taxpayer: *Provided*, That no such credit or refund shall be allowed or made after five years from the date when the return was due, unless before the expiration of such five years a claim therefor is filed by the taxpayer, or unless before the expiration of one year from the time the tax was paid a claim therefor is filed by the taxpayer: *Provided further*, That if upon examination of any return of income made pursuant to the revenue act of 1917, the revenue act of 1918, or this act, the invested capital of a taxpayer is decreased by the commissioner, and such decrease is due to the fact that the taxpayer failed to take adequate deductions in previous years, with the result that an amount of income tax in excess of that properly due was paid in any previous year or years, then, notwithstanding any other provision of law and regardless of the expiration of such 5-year period, the amount of such excess shall, without the filing of any claim therefor, be credited or refunded as provided in this section: *And provided further*, That nothing in this section shall be construed to bar from allowance claims for refund filed prior to the passage of the revenue act of 1918 under subdivision (a) of section 14 of the revenue act of 1916, or filed prior to the passage of this act under section 252 of the revenue act of 1918.

"Where a tax has been paid under the provisions of section 221 or 237 in excess of that properly due, any refund or credit made

under the provisions of this section or section 3228 of the Revised Statutes shall be made to the withholding agent unless the amount of such tax was actually withheld by the withholding agent."

Mr. GREEN of Iowa. Mr. Chairman, I move to strike out the last word. The last clause of the bill has not been explained. It relates to cases where the tax is paid by a withholding agent, and it appears that the withholding agent has paid the Government too much. There is an ambiguity in the law so that it is very uncertain as to whom this amount erroneously collected should be refunded. The Treasury Department is uncertain what to do with the money in cases of this kind. My own view of the law as it stands now is that it provides that it shall be paid both to the withholding agent and to the man whom we call the taxpayer, although he was not really the taxpayer at all. The bill applies only to cases where the withholding agent under his contract was obliged to pay the taxes, and subsequently it has been found that the tax assessed was not due at all. Consequently the man whom we call the taxpayer is not out of pocket, he has lost nothing, he is charged with nothing, and yet the question arises under the law whether the money does not have to go back to him, and then the withholding agent must try to get the money back from him, if he ever gets the money back at all. This is simply for the purpose of clarifying the law in that respect, and under this paragraph in such cases it would be paid to the withholding agent.

Mr. TILSON. Could this be made to apply to this state of affairs? Certain bonds were issued with tax-free covenant clauses and the gentleman knows——

Mr. GREEN of Iowa. Yes.

Mr. TILSON. When our income tax was first fixed at 2 per cent of the normal income, it was then provided that where the tax-free covenant was taken care of by the debtor—that is, the person who issued the bonds—he should pay the tax to the Government, and that the bondholder should receive the full amount of his interest.

Now, the normal rate is 4 per cent. If the gentleman has any tax-free Government bonds he will find when he goes to get credit he gets a credit of 2 per cent, but he has to pay to the Government 4 per cent. The one who issued the bonds agreed to pay the tax. As the law stands now he pays only 2 per cent and the gentlemen who were fortunate enough to hold bonds have to pay 4 per cent.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TILSON. I ask unanimous consent that the gentleman have five additional minutes.

The CHAIRMAN. The gentleman from Connecticut asks unanimous consent that the time of the gentleman from Iowa be extended five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. GREEN of Iowa. The gentleman will remember the law only requires the obligor to hold 2 per cent.

Mr. TILSON. That is correct, but if the one who issued the bonds agreed to pay all the taxes—in other words, if he issued all his bonds with a tax-free covenant clause—the bondholder must pay 4 per cent, and yet he gets only credit of 2 per cent on his income.

Mr. GREEN of Iowa. It is between the party who issued the bonds and the bondholder.

Mr. TILSON. It is between them, but it seems to me that it is an injustice to that extent.

Mr. GREEN of Iowa. Well, it is a case as to which I am not prepared to express an opinion, except to say the Government has nothing to do with that, and this bill, of course, does not affect it.

Mr. TILSON. If the debtor promised to pay the entire tax which is now 4 per cent and pays to the Government only 2 per cent, then the debtor has failed to keep his covenant with the bondholder.

Mr. GREEN of Iowa. He would be only keeping his agreement.

Mr. BURTNESS. Mr. Chairman, I desire to offer an amendment. Page 2, line 9, strike out the word "immediately."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. BURTNESS: Page 2, line 9, strike out the word "immediately."

Mr. BURTNESS. Mr. Chairman, I have offered this amendment solely for the reason that I believe the word "immediately," included in the present law and also carried in the bill we are now considering, means nothing for the reason that I do not believe that any member of the Internal Revenue Department—at least, if we are to judge of their understanding by their action—knows the meaning of the word "immediately." If that is the case and if they can not be taught the meaning of the word, what is the use of continuing it in the law? I think we are all familiar with the way in which these proceedings are handled now. When an audit is finally made, if they find the taxpayer is entitled to a refund he is advised thereof, and the practice has been that he is invited to file a claim for refund. The taxpayer files that claim and he believes that the money coming to him will be paid him in the course of a few weeks, for the Government has conceded it has been wrongfully withheld from the taxpayer. Well, the claim is filed; the taxpayer waits for several months, but hears nothing. He then writes the bureau, and about two or three months after that time the taxpayer gets a letter advising that investigations are being made as to whether he is owing anything on later returns. After some delay the taxpayer writes another letter, and the reply comes back something like this—that in a subsequent year an additional assessment has been made against him for a certain amount, or some installment is past due. Then the taxpayer looks up his records and finds he has in fact paid the additional assessment or the amount that may have been due, that it was paid by him long before, and so the matter dillydallies along with more correspondence for perhaps two or three or four years, and the money all of that time is being held by the Government. It therefore seems to me that if we eliminate the word "immediately" from the law we can not hurt the law, and the taxpayer will have just as good a chance for getting his money which belongs to him this side of the Styx with this word eliminated as he has now.

Mr. GARNER. Will the gentleman yield?

Mr. BURTNESS. I will.

Mr. GARNER. The gentleman should add other letters there that the Treasury Department writes, and one of them is that Congress has not appropriated the money to pay the claim. Then he ought to have cited another letter which he ought to read to his constituents, that this Republican administration and Republican Congress refuses to appropriate money when there is not a word of truth in it.

Mr. BURTNESS. Oh, yes; there are many letters I could have added, but could not for lack of time; but the gentleman from Texas knows most of these letters come after a period of years during which time the Democrats were in control, and that the Democratic administration had three or four years in which to complete——

Mr. GARNER. It is claimed that it is because a Republican Congress declines to make the appropriation——

Mr. BURTNESS. I realize that a letter always comes referring to lack of appropriations, and that is usually the last letter to the taxpayer, but before that letter ever reaches him he is vexed with three or four which I had not time to detail at all.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BURTNESS. Certainly.

Mr. GREEN of Iowa. The gentleman might have called attention to other matters of which he is probably unaware. One is that recently the administration has made an important change with reference to the rule of the Democratic administration; and on December 16 the rule was established that where it was claimed that the department found that there was a refund due, it was not necessary to file a claim for refund, but it should be repaid immediately and forthwith.

Mr. BURTNESS. In that respect I thank goodness, the administration, or anybody having to do with the ruling that they are finally able to do away with the foolish and ridiculous rule that where a man has a valid claim conceded and audited to be such by the Government that he must file a claim for refund. It seems to me when he has already——

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. BURTNESS. Mr. Chairman, I ask for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. BURTNESS. All that should be necessary, it seems to me, is that the refund should be made when ascertainment of overpayment is made, without the necessity of the man filing any claim for refund. The taxpayer should get his money. Another thing that I might supplement to the statement of the gentleman from Iowa is this: That possibly some of the pivotal points in the bureau, held so long by leading members of the Democratic Party, might some day be changed with value to the taxpayers.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. BANKHEAD. I remember a distinguished Senator once offered a facetious bone-dry amendment in the Senate of the

United States, and it was adopted. The gentleman's amendment here might for some reason be adopted, and I am afraid he might get into trouble if we took him at his word. [Laughter.]

Mr. BURTNESS. The House will have to take care of that.

The CHAIRMAN. The gentleman from Iowa [Mr. GREEN] is recognized.

Mr. GREEN of Iowa. Mr. Chairman, I think the gentleman's amendment is offered more in a facetious sense than seriously.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from North Dakota.

The question was taken, and the amendment was rejected.

Mr. GREEN of Iowa. Mr. Chairman, I move that the committee do now rise and report the bill back to the House without amendment, with the recommendation that it do pass.

The CHAIRMAN. The gentleman from Iowa moves that the committee do now rise and report the bill back to the House with the recommendation that it do pass. The question is on agreeing to that motion.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MADDEN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 13775) to amend the revenue act of 1921 in respect to credits and refunds, had directed him to report the same back to the House without amendment, with the recommendation that it do pass.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. GREEN of Iowa, a motion to reconsider the vote whereby the bill was passed was laid on the table.

The SPEAKER. Without objection, House bill 13878, for which this bill was substituted this morning, will be laid on the table.

There was no objection.

EXCHANGE OF PROPERTY.

Mr. GREEN of Iowa. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 13774) to amend the revenue act of 1921 in respect to exchanges of property; and, pending that motion, I will ask the gentleman from Texas if we can agree as to time?

Mr. GARNER. Is that the exchange bill?

Mr. GREEN of Iowa. Yes.

Mr. GARNER. How would 20 minutes or 30 minutes on a side do?

Mr. GREEN of Iowa. I think we ought to have 30 minutes, at least, on a side.

Mr. GARNER. Is that the bill to which the gentleman from Michigan [Mr. FORDNEY] is going to offer an amendment?

Mr. GREEN of Iowa. Yes; this is the bill to which the gentleman from Michigan is going to offer an amendment.

Mr. GARNER. Let us have 30 minutes to a side; not exceeding 30 minutes.

The SPEAKER. The gentleman from Iowa asks unanimous consent that the general debate shall not exceed one hour, one half to be controlled by the gentleman from Texas [Mr. GARNER] and the other half by himself. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Iowa, that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 13774.

The motion was agreed to.

The SPEAKER. The gentleman from New York [Mr. HUSTED] will please take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 13774) to amend the revenue act of 1921 in respect to exchanges of property, with Mr. HUSTED in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 13774, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 13774) to amend the revenue act of 1921 in respect to exchanges of property.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. LITTLE].

The CHAIRMAN. The gentleman from Kansas is recognized for 10 minutes.

Mr. LITTLE. Mr. Chairman, under date of April 10, 1921, the Hon. W. C. Herron, "attorney," "for the Attorney General," wrote the chairman of the House Committee on Revision of the Laws that he had made careful examination of all of the sections of H. R. 12 which relate in any way to criminal law or criminal procedure, and had found "no errors or omissions." February 5, 1921, Attorney General Palmer wrote with regard to that material that "there is no criticism to offer on behalf of this department." You will see that two administrations have given to the criminal code and criminal procedure in H. R. 12 their approval and a clean bill of health. There is no room for criticism of any portion of the law which comes to the attention of the Department of Justice. That feature of the bill is perfect. On March 4, 1921, and in other letters, and to me personally, Judge Jacob Trieber, of the United States District Court of Arkansas, a very distinguished lawyer and law writer, has given similar approval to that part of H. R. 12 which refers to the judiciary. Probably no bill ever presented to the House has received a more thorough indorsement from the highest sources than these parts of H. R. 12.

In the early days of the work on this bill the War Department made a thorough study of it and pointed out two errors, which we corrected, and discovered in their own collection of their laws 27 sections omitted, which they were glad to have. In January, 1921, a young gentleman offered quite a number of criticisms, which were so thoroughly disposed of by the revisers that Secretary of War Baker withdrew them and wrote a full and complete indorsement of the bill and gave it his highest approval.

Here is a letter I received from a judge in Arkansas:

UNITED STATES DISTRICT JUDGE'S CHAMBERS,
EASTERN DISTRICT OF ARKANSAS,
Little Rock, Ark., March 24, 1921.

MY DEAR MR. LITTLE:

* * * * * * *

I am going over your act as I find time, but confining myself solely to the title of the judiciary. I can not express my admiration for this work. People, especially the bench and bar, owe you a debt of gratitude which can never be repaid. How you found time with your other congressional duties to do this work I am unable to understand. I have read in the CONGRESSIONAL RECORD your remarks when you presented your report on the act, and also the remarks made by other Members of the House, which show that your work is being appreciated by the Members who have examined it. You are entirely too modest in claiming credit for your work.

I hope that some day in the near future I may have the pleasure of meeting you in person, that I may express to you my admiration for this work.

With very highest regards, I am,
Yours sincerely,

JACOB TRIEBER,
United States District Judge.

I call attention to letters from Attorney General Palmer and from Mr. W. C. Herron, of the present Attorney General's office, Mr. Taft's brother-in-law. I ask that the Clerk read them.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. LITTLE. Yes.

Mr. MOORE of Virginia. I am almost as much interested in the bill as my friend is. I will ask him if he has ascertained whether there is any prospect at all of action at the other end of the Capitol?

Mr. LITTLE. I think there is. I will find out.

The CHAIRMAN. The Clerk will read the letters indicated.

The Clerk read as follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., February 5, 1921.

Hon. JOSIAH O. WOLCOTT,
United States Senate, Washington, D. C.

MY DEAR SENATOR:

* * * * * * *

In reply I beg to advise you that the only portions of this bill submitted to this department were section 965 to section 1612 relating to the judiciary, and section 503 to section 551 relating to the Department of Justice.

So far as such portion of the bill is concerned there is no criticism to offer on behalf of this department.

Respectfully,
A. MITCHELL PALMER,
Attorney General.

Mr. LITTLE. Mr. Chairman, I will ask the Clerk also to read the next one.

The Clerk read as follows:

DEPARTMENT OF JUSTICE,
Washington, D. C., August 10, 1921.

Hon. E. C. LITTLE,
Chairman, Committee on Revision of Laws, House of Representatives.

DEAR SIR: I have the honor to acknowledge receipt of your letter of August 1, sending a copy of H. R. 12, to establish a code of laws of

the United States, and asking me to look over it and advise you of any views I may have in regard to it.

The sections which seem to relate in any way to the criminal law or criminal procedure have been carefully examined, and, so far as it is possible to discover from such an examination, no errors or omissions have been noted.

* * * * * * *

Respectfully, W. C. HERRON, *Attorney* (For the Attorney General).

Mr. BRIGGS. Will the gentleman yield for a question?

Mr. LITTLE. I yield to the gentleman from Texas.

Mr. BRIGGS. Has not the gentleman also received indorsements from the great publishing houses, like the West Publishing Co. and the Edgar Thompson Publishing Co.?

Mr. LITTLE. Very fine ones. I am going to present to-day a series of department indorsements. I will ask the Clerk to read the letter from Secretary of War Baker.

The Clerk read as follows:

WAR DEPARTMENT,
Washington, January 21, 1921.

Hon. EDWARD C. LITTLE,
House of Representatives, Washington, D. C.

MY DEAR MR. LITTLE: I have received your letter of January 19 and am delighted to have the marked copies of committee reports which you inclosed. Senator Carpenter's speech, to which you direct my attention, of course correctly states the answer to the difficulty always raised in the enactment of a great piece of codifying legislation. If we wait until perfection is achieved and the possibility of error removed, we never get the code. In the meantime, practicing lawyers, judges, and district attorneys all over the United States are making vastly many more errors by reason of the fact that they have to rely upon an uncodified mass of legislative enactment, through which it is impossible, even with the greatest industry, to trace out the existing state of law.

Cordially yours,

NEWTON D. BAKER, *Secretary of War.*

Mr. LITTLE. Herewith I present a letter of April 7, 1922, from Hon. Edwin S. Booth, Solicitor of the Department of the Interior. This letter presents thoroughly and clearly the approval of that department of H. R. 12 and the reasons why every sound lawyer wishes the bill to be passed at the earliest possible moment.

The Clerk read as follows:

SOLICITOR OF INTERIOR SAYS CODE SHOULD PASS WITHOUT AMENDMENT.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SOLICITOR,
Washington, April 7, 1922.

Hon. EDWARD C. LITTLE,
Committee on Revision of Laws, House of Representatives, Washington, D. C.

MY DEAR MR. LITTLE: I am in receipt of your letter of the 5th instant, requesting my views in relation to H. R. 12. This proposed bill has been before the department for some time, and I think with very few exceptions no objection has been made thereto.

As I understand the proposed legislation, it is merely a compilation of the present existing laws and does not purport to contain new legislation. I have not gone over the matter with the idea of suggesting corrections for the reason that in my opinion it is very advisable that the present laws be consolidated and brought into some one volume where they will be easy of access. As it is at the present time, many enactments of Congress are contained in different volumes and, as you appreciate, may sometimes be very easily overlooked. I am of the opinion that if Congress will enact the proposed bill and thus get into a workable condition the present existing laws, that the future Congresses can then make such amendments as may be deemed proper in a much more satisfactory manner.

I trust you will pardon a few personal observations in relation to this character of legislation. It happened to be my privilege to be chairman of the legislative committee of Montana on two different occasions when the question of codification, consolidation, and revision of the then existing laws was before the legislative assembly. I found that it was impractical and almost impossible to undertake to make amendments and to get the legislative assembly to approve them, and in both instances our committee recommended, and the legislative assembly pursued, this course and adopted the report of the committee appointed to compile the existing laws without amendments, leaving to the succeeding legislative assemblies the corrections that might seem best. This method we found so satisfactory that at the last work of the assembly in compiling the laws of Montana we adopted the same course. For these reasons I am strongly of the opinion that H. R. 12 should be passed without any amendment other than those which the committee itself might report, and thus get into some practicable workable shape the present existing laws covering the several matters of public concern. Believing as I do, I am not making any suggestions of proposed amendments and hope and trust that this legislation will pass at an early date, as it will, in my judgment, be of incalculable value to all concerned.

Very truly yours, EDWIN S. BOOTH, *Solicitor.*

In the spring of 1922 the Department of Agriculture was asked whether it had any further suggestions, although it had long since carefully canvassed the bill and its suggestions had been accepted wherever they were necessary. They made some further suggestions, which were disposed of, as will be seen by the following letter from the Secretary of Agriculture. As you will see by reading the Secretary's letter, here is another absolute indorsement of the correctness of the bill from another department. I ask the Clerk to read it.

The Clerk read as follows:

DEPARTMENT OF AGRICULTURE,
Washington, April 18, 1922.

Hon. RICHARD P. ERNST,
United States Senate.

MY DEAR SENATOR ERNST:

* * * * * * * *

In a conference between Colonel LITTLE and the solicitor of the department yesterday the department's report to you of December 16 last was carefully gone over, resulting in Colonel Little's concurrence in my suggestions with reference to the following sections of the bill: 837, 4866, 5055, 5051, 5061, 5249, 5258, 5282, 5299, 5300, 5320, 6677, 7187, 7323, 7326, 8868, 9489, 9497, 10326, and 3344.

I understand that Colonel LITTLE will take up with you the necessary action to effect the changes in the above-stated sections suggested by the department.

The remaining sections of the bill upon which I reported to you may stand as they appear in the bill.

The department realizes very keenly the enormous task involved in the preparation of this bill, and the only wonder is that it is so generally free from errors and omissions. It is also realized, as Colonel LITTLE suggests, that it is practically impossible to enact a bill of this kind which will be perfect in every respect. That result seems never to have been accomplished in any revision of the laws which has ever yet been undertaken. It seems to me that it is better to have a consolidation of the laws with a few errors which can be corrected by supplemental legislation when discovered than to delay the consolidation indefinitely, striving for perfection which it is more than probable never could be attained.

Very respectfully, HENRY C. WALLACE, *Secretary.*

The CHAIRMAN. The time of the gentleman has expired.

Mr. LITTLE. Will the gentleman give me five minutes more?

Mr. GREEN of Iowa. Will the gentleman from Texas yield to the gentleman from Kansas five minutes?

Mr. GARNER. I have 30 minutes, have I not?

Mr. GREEN of Iowa. Yes.

Mr. GARNER. I yield to the gentleman from Kansas five minutes.

Mr. LITTLE. I thank the gentleman from Texas. In the years of the work on this bill the State Department has made and seen accepted quite a number of its suggestions, and in November, 1922, they were asked by another committee whether they had any objections to make and the recipient got the idea or expressed the opinion that the Secretary had taken exception to the law set out by H. R. 12 with regard to ambassadors. Accordingly, I present herewith a letter of January 27, 1923, from the Secretary of State which clears up that. You will notice that in the letter he says that on December 7, 1922, when he sent to Senator ERNST a memorandum prepared when H. R. 9389 was under discussion in 1920, he said that he had advised the Senator on December 7, 1922, that "the department at that time had no additional suggestions to offer concerning the sections covered by that memorandum." This memorandum is the subject of his letter, and as it was in reference to the bill in the Sixty-sixth Congress, of course it had long since been disposed of, and on December 7, 1922, the department had "no additional suggestions." Here's another clearance paper for H. R. 12 from another department with which I present a brief letter from the chairman of the House committee addressed to the Secretary of State in reply.

I will ask the Clerk to read the letter from Secretary Hughes and my reply.

The Clerk read as follows:

DEPARTMENT OF STATE,
Washington, January 27, 1923.

MY DEAR MR. LITTLE: I have the honor to acknowledge the receipt of your letter of January 23, 1923, in which you state that in a communication dated November 22, 1922, to which no written reply has been received, you advised the department of the attitude of the House Committee on Revision of the Laws regarding certain suggestions which the department had made concerning sections 3214, 3221, and 3222 of bill H. R. 12, and that you understood that the department concurred in the view of the committee. You add that Senator ERNST, chairman of the Senate Committee on Revision of the Laws, has informed you of the receipt from the department of a communication criticizing sections 3221 and 3222 of the bill, and inclose a statement of the law as understood by your committee, concerning which you desire the department's comments.

I beg to inform you that in response to a communication dated November 10, 1922, from Senator ERNST, requesting that the department give to the Senate Committee on Revision of the Laws the benefit of any suggestions it might desire to make concerning bill H. R. 12, the department on December 7, 1922, stated that at the time bill H. R. 9389 was receiving the consideration of the House committee a memorandum had been prepared in response to a request from you containing brief comments on certain sections of the bill. A copy of the memorandum was transmitted to Senator ERNST for the information of the Senate committee, and he was advised that the department at that time had no additional suggestions to offer concerning the sections covered by that memorandum.

It is observed that the title of H. R. 12 is "A bill to consolidate, codify, revise, and reenact the general and permanent laws of the United States in force March 4, 1919." At the time the department's memorandum was prepared it was assumed that it was within the scope of the work of your committee in revising the laws of the United States to make all the changes suggested in the memorandum. In any event it was thought desirable to give your committee the benefit of such suggestions as occurred to the department with re-

spect to the sections covered by the memorandum. The question, however, whether the scope of the work of the committee in revising the laws of the United States would permit the adoption of the suggestions which the department made concerning sections 3221 and 3222 of the bill (none was made respecting section 3214) is obviously a matter for determination by the committee, concerning which I would not feel free to express an opinion.

I have noted your statement that after the bill becomes a law you intend to suggest to the department that an amendment be prepared for the purpose of correcting such inaccuracies as may appear.

I am, my dear Mr. LITTLE,

Very sincerely yours, CHARLES E. HUGHES.

JANUARY 28, 1923.

Hon. CHARLES E. HUGHES,
Secretary of State, Washington, D. C.

MY DEAR MR. SECRETARY: Replying to your favor of the 27th answering my letter of the 23d, I note that on December 7, 1922, the department, in response to a communication from Senator ERNST dated November 10, 1922, sent him "a copy of a memorandum" and stated that "at the time H. R. 9389 was receiving consideration in the House a memorandum had been prepared in response to a request from the Chairman of the House Committee on Revision containing brief comments on certain sections of that bill" and "that the department had no additional suggestions to offer concerning the sections covered by that memorandum."

I write to inquire whether you will kindly send me a copy of the memorandum that you forwarded him December 7, with the date thereof. H. R. 9389 passed the House December 20, 1920, and the memoranda with regard to that were long since utilized.

I note your remark that you say, "I have noted your statement that after the bill becomes a law you intend to suggest to the department that an amendment be prepared for the purpose of correcting such inaccuracies as may appear." I presume you refer to my letter of April 11, 1922, in which I said, "Our plan is simply to prepare a bill that contains the present law without any change whatever. This bill is now the law, and if it passes the Senate it becomes a law, and we will then have something to begin with, doing away with the past confusion. Our committee will then bring in a bill suggesting some changes correcting what appear to be errors in the present law." I was not referring to inaccuracies in our bill but the errors in the present law, such perhaps as may exist with regard to these ministers and ambassadors, but which are errors by Congress—not in this bill.

Before the old Revised Statutes were fully printed a bill was passed correcting 34 mistakes in it, and two years later a bill was enacted which corrected 242 imperfections in the old Revised Statutes. In my bill to establish a code I have supplied 60 omissions in the Revised Statutes which still remain. If we adhere to the precedent set by the Revised Statutes people, we will, as you suggest, introduce a bill to correct our mistakes if any there be. I suppose we ought to adhere to that precedent, should we not? Our book is three times as large as was theirs, and if we adhered to their percentage of mistakes we would have over a thousand to correct, and with all the nervous assistance of young gentlemen admitted to the bar here and there and people who want us to omit the law to make easy their social duties we have been only able to locate 66 instead of over a thousand. I am glad you feel that what the committee did was just what it should have done.

Very sincerely yours, E. C. LITTLE.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. LITTLE. May I have two minutes more?

Mr. GREEN of Iowa. I yield to the gentleman two minutes more.

Mr. LITTLE. I wish the Clerk to read a letter from John Wigmore. I might say that I have a letter from John Davis, president of the American Bar Association, expressing the earnest hope that this bill will pass.

The Clerk read as follows:

JANUARY 15, 1923.

Hon. RICHARD P. ERNST,
Senate Chamber, Washington, D. C.

MY DEAR SENATOR: I have been very hopeful that the Senate would proceed to the prompt enactment of the new United States Code, passed by the House a year ago last April. During the past year I have used the copy of it in preparing a new edition of my Treatise on Evidence, and have been through every page of the work and find it entirely satisfactory.

For 20 months it has lain in the hands of your committee. Is there any reason that you care to give explaining the delay?

Very truly yours,

(Signed) JOHN H. WIGMORE.

Mr. LITTLE. Mr. Wigmore is the greatest law writer in the world. I asked the gentleman who received that letter about it, and his reply was that Mr. Wigmore never had read it; that he could not have done it; that he was a damned liar. [Laughter.] I just leave that with you. If I had the time, I would like to express my views on that.

I present here a letter of December 18, 1922, from the Solicitor of the Department of Labor, which makes it clear that the department and the House committee have fully agreed on the bill and the department has no criticisms:

DEPARTMENT OF LABOR,
OFFICE OF THE SOLICITOR,
Washington, December 18, 1922.

Hon. EDWARD C. LITTLE, M. C.,
United States House of Representatives, Washington, D. C.

MY DEAR MR. LITTLE:

* * * * * * * *

In the report of this office of December 12, 1922, to the Secretary of Labor in re H. R. 12, this office has stated to the Secretary that Senator ERNST may be advised that all the changes suggested by the report of this office of April 1, 1921, in re H. R. 9389 have been taken care of in H. R. 12, with the exception of a few, and as to these you have in a conference with a representative of this office recently stated that you would offer an amendment to the present bill to take care of these suggested changes, and that, therefore, there are no suggestions as to changes in H. R. 12 to be made to Senator ERNST.

Very truly yours, THEODORE G. RISLEY, *Solicitor.*

The beginning of our suggestions from the Treasury came in the form of insisting that we should reprint the executed law which authorized them to issue something like a billion dollars' worth of Liberty bonds. Their criticism was somewhat severe. As they had issued the bonds and could not issue another billion, the committee decided to avoid complications by not reenacting the law which was executed and done for. The fear of the Secretary that this would injure the legality of a billion dollars of bonds seemed to be without ground, and after explaining it to him the Secretary did not think it was practical to give me the name of his attorney. Subsequent correspondence with that department was very helpful and harmonious, and we know of no suggestions of error from that department since that time, and as far as we have learned they have no criticisms to offer. All suggestions which the revisers and the committee found correct were followed, and with the approval of the department, as far as we can learn.

Under date of April 12, 1922, the committee received a letter from the Hon. D. H. Blair, Commissioner of Internal Revenue, which I tender herewith, in which he answers our letter of inquiry as to whether he had any suggestions. He called attention to the fact that there had been much change in the internal revenue law since March 4, 1919, which is the date up to which this bill goes, and gives us to understand he had no suggestions, except that if the committee should decide to endeavor to bring the bill up past March 4, 1919, he would be very glad to assist in that work. The letter is as follows:

TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
Washington, April 12, 1922.

Hon. EDWARD C. LITTLE,
House of Representatives.

MY DEAR CONGRESSMAN: Receipt is acknowledged of your letter of April 5, 1922, addressed to the Solicitor of Internal Revenue, requesting any suggestions which he may have to offer with respect to H. R. 12, which passed the House of Representatives on May 16, 1921.

The solicitor has been requested to review the codification in a detailed manner in order that you may have the benefit of any suggestions or criticisms which may be offered. You will understand that the revenue act of 1921, which was enacted subsequent to the passage by the House of Representatives of the bill to consolidate, codify, revise, and reenact the general and permanent laws of the United States in force March 4, 1919, made some very material changes in the assessment, collection, and refunding of taxes for prior years and the bringing of suits or other proceedings by or against taxpayers. In fact, the changes are so vital and far-reaching that many sections of your proposed code have been practically superseded. In view of the fact that the codification proposed attempts only to cover laws enacted prior to March 4, 1919, you may not be interested in the new and vital changes, but in the event it is your desire to make your codification more comprehensive, I should be pleased to render you any assistance which may be deemed advisable in connection therewith.

Sincerely,

D. H. BLAIR, *Commissioner.*

In the spring of 1922, prior to the passage of H. R. 12, the committee inquired of the Department of Commerce for suggestions. That department called our attention to one section only to which they suggested some change. As the revisers had given it particular attention, they thought it was right as it was and is. However, the solicitor showed such an earnest and sincere interest in the proposed legislation, and his department was so familiar, of course, with the law under that head, that the committee told him that if the Department of Commerce would prepare that one section just as they felt the law was, and state that that was the law, the committee would accept that amendment and urge the Senate committee to adopt it, providing it was not seriously wide of the mark in our judgment. They did not see fit to accept our suggestion and have offered no further criticism.

In the spring of 1921, in response to our inquiry, Postmaster General Burleson said a few slight errors had been found, and a correction would be tendered. I present herewith his letter and a letter of January 21, 1923. I received from the acting solicitor a dozen or so suggestions made by the Post Office Department November 25, 1922, which for the most part had all been long since presented to the House committee and passed on. The criticisms they suggested with regard to H. R. 9389 were carefully studied and all the proper corrections made in H. R. 12, so that after personal conference with the solicitor's department, many months ago, I was assured that their part of the work was entirely satisfactory, and they had no further criticisms to offer. Evidently some other lawyer remade a few of them in November, and I call your attention to the situation with regard to them, having gone into detail, that you may see just exactly what the criticisms are which confront us in January, 1923, on a bill which passed

the House December 20, 1920, more than three years ago. If there should be among them some suggestions which are valuable and correct, it is to be hoped that the committee now in charge of the bill is quite competent to make them. I should think that it would require probably 24 hours' work to make the examination if one were unaccustomed to the work. The gentleman to whom it was assigned by the House committee on this 1st day of February, 1923, was compelled to put in 45 minutes' careful analysis of that work.

The letters of the Post Office Department are as follows:

POST OFFICE DEPARTMENT,
Washington, February 8, 1921.

Hon. JOSIAH O. WOLCOTT,
United States Senate, Washington, D. C.

MY DEAR SENATOR WOLCOTT: Replying to your letter of February 2, asking for any criticism I may care to make on the bill (H. R. 9389) to consolidate, codify, revise, and reenact the general and permanent laws of the United States in force March 4, 1919, which bill appears to have passed the House and is now in the Senate for consideration, I beg to state that some months ago a copy of the first 335 pages of the bill was received in this department and referred to the solicitor for examination. At that time a complete copy was requested, but it does not appear that is has been received.

The solicitor reports that a few slight errors have been found in the sections of the advance part relating to the Post Office Department, a list of which will be included in a report on the complete bill, if these errors are found in the bill as passed by the House.

A copy of the complete bill has again been requested, and as soon as it is received a prompt examination and report will be made on such sections as relate to the Postal Service and the Post Office Department.

Respectfully,

A. S. BURLESON,
Postmaster General.

All prior suggestions made by the Post Office Department were incorporated in H. R. 12. Copies of both bills—H. R. 9389 and H. R. 12—were sent to the department. The delay in getting them was due to the fact that young gentlemen down there neglected to let anybody know that they were received. Several months after H. R. 12 passed the House I visited the solicitor's office and he and his assistants informed me that they had no further suggestions to make. However, I have just received—January 31, 1923—the following letter:

POST OFFICE DEPARTMENT, OFFICE OF THE SOLICITOR,
Washington, January 31, 1923.

Hon. EDWARD C. LITTLE,
Chairman Committee on Revision of Laws,
House of Representatives, Washington, D. C.

MY DEAR MR. LITTLE: Referring to your telephonic inquiry of yesterday, I take pleasure in transmitting herewith a copy of a letter dated November 25, 1922, addressed to Hon. RICHARD P. ERNST, chairman of the Senate Committee on Revision of the Laws, by the Postmaster General making certain suggestions respecting H. R. 12, a bill "to consolidate, codify, revise, and reenact the general and permanent laws of the United States in force March 4, 1919."

Sincerely yours,

H. J. DONNELLY, *Acting Solicitor.*

This letter suggests that they have again called attention to about a dozen former suggestions on which we had, as I was informed, fully agreed. In order to avoid delay, I shall just discuss them and you can get an idea of the importance of criticisms which for 20 months delayed the big bill.

In section 6304 they say the word "bonds" should be changed to "bond"; in 6466, the footnote should be 29 S. instead of 19 S.; and a comma should be omitted in 6518. Possibly they are right. If the committee in charge will employ a young lady with a lead pencil, I should think they would be able to meet that emergency and dispose of it immediately. The footnote is no part of the law, and if there was not a footnote in the book it would be just as good law as the Statutes at Large are now. It is hoped that the book will not be delayed 20 months longer on such criticisms.

The department again calls attention to the criticism they offered on section 10385, of which they asked that it be canceled. Well, we canceled it. They suggested that they expected us to substitute a quotation from the Thirty-eighth Statutes, page 195, and do not find it. Well, it is there in section 9692. They suggest that section 3789 of the Revised Statutes is absent. That section has long since been repealed and disposed of by the printing laws now in existence, which are found in the book. The section number is cited in the sections which immediately supersede it, so that a lawyer may know that the new section grew out of that.

The department suggests that they regard sections 5969, 6531, 6653, and 6695 as superseded by others which are in The Code. The reason they were placed in the code is because they were not superseded by the others. There was no repeal and no conflict whatever. In some of them it might be suggested that there is partially a slight duplication, but the publication of both has been essential to every one of them.

The department suggested that the word "officer" has been omitted in 3330; that the word "second" should be inserted instead of "first," in section 6433; that the word "foreign" should be omitted in 6762; and that a citation to that one should be omitted because it is quoted in full somewhere else. The application of a lead pencil for a few minutes should dispose of these suggestions if they are correctly made, and if a lawyer is employed for a few minutes he could state whether those words are as recommended. The fact that a few lines are quoted in full in another section is no reason why the citation should not be applied to 6762, and the citation is no part of the law anyway, and I do not know why they said anything about it.

Revised Statute 3789, including much other similar law, was long since repealed and passed out of use by the law on printing, which is all in this book.

Referring to section 6493, the department makes a suggestion which is due to an error very common among department men. This book is a book of permanent and general law only; no appropriation bills are included. None of the appropriation bills are permanent law or substantive law unless they say, "Hereafter it shall be the law." On page 467 of the Thirty-fourth Statutes an appropriation was made "Providing that certain persons employed on June 30 should on July 1 be appointed as inspectors of the grade of $1,800 per year." That was a purely temporary law made as part of an appropriation. It provided that certain people should get certain raises in salary provided they were so appointed. The whole proposition passed off the map whenever that appropriation was exhausted. There is no such law. The department suggests that the law prior to that date was obsolete because of that provision in the appropriation, but it is just as existent as it ever was, and that fallacy has made much trouble for the revisers, who were compelled to adhere to the actual law.

The department suggests that Revised Statutes 3835 should be in the bill H. R. 12, telling about application of money on bonds. That has been superseded by what is now section 6394 of H. R. 12, and there is no place in the book for 3835, except as it is now in effect in 6394. The revisers gave this, as all other suggestions of the department long ago, careful attention.

Referring to our section 6542, the department calls attention to section 4 of the Thirtieth Statutes, page 444, and suggests that it should be in the bill. This Thirtieth Statute, page 444, provided that second-class matter should only be returned when postage is prepaid. Our section 6542, found in Thirty-sixth Statutes, page 306, provides that it shall be returned to the mailer and postage collected there. It, of course, does away with the act the department mentions. Merely to state this is certainly sufficient. The department agreed with us when we went over it in the first place, and their action at that time was right.

The department has the following: "37 Stat. 553, act of August 24, 1912—Collusion among bidders." They do not say why they put that there. It is found in section 5742 of H. R. 12. I expect they wanted to give us a compliment for our care in putting it in. If they have overlooked it, I am sorry. After having worked over it 22 months with great care it is a little trying to have to go over it again because somebody did not find it the second time after he had agreed to it once.

The department calls attention to three lines on page 555 of the Thirty-seventh Statutes and a paragraph on the next page, concerning which they make no suggestion, but what they probably mean to say is that it is not in the book. After three years of time I do not personally recall whether that is somewhere else in the book or whether for some reason it was omitted. The department at the time agreed with the committee on whatever was done. If there is a mistake, here is an excellent opportunity for some other committee besides ours to do 25 or 30 minutes' work and make the correction. If it should develop on a few minutes' examination that it should be in and is not, some other committee can show their desire to be helpful to the bench and the bar by adding it to sections 6697 and 6698 of the Code. It would be a great pleasure to the House Committee on Revision of the Laws, which has taken care of more than 10,000 of these sections, if somebody else would help us on one. I earnestly hope that the bill will not be delayed another two years in order to accomplish that 30 minutes of work. If the department has discovered an error in the work to which we invited their attention three years ago, I thank them very much for the assiduous care they have given to the great topic, and am only sorry that we did not receive their suggestion long since.

In my previous speeches of January 20 and January 26, found on pages 2083, 2507, 2508, and 2509, I have discussed at some length the attitude of the Department of the Navy, which began with their letter of May 25, 1920, when the then Secretary of the Navy said that he "was not in a position to assign any members of its personnel exclusively to the task of making said examination and report," and added, "A lack of

time and personnel qualified for the task which could be detailed for such work precludes the possibility of undertaking it at this time." As they then proceeded by admitting that there were 70 sections of the law as shown in the bill which they had never heard of, as they continued by devoting most of their attention to the headlines of the sections, which are no part of the law and which the revisers were amply competent to write, as they concluded by demanding that we omit certain portions of the law made by Congress for the reasons shown in the letter of May 25 and in the letter a year later of March 1, 1921, as follows:

The clause in the act of October 6, 1917, was the subject of the fullest consideration by the experts in both the War and Navy Departments, including the General Staff and the War Council, with the result that the two departments agreed that this provision could not be put into effect and concurred in recommendations to Congress that it be repealed. Inasmuch as the said provision could not be put into effect, its repeal would serve no purpose other than to eliminate it from the statutes, thereby preventing confusion which it might cause in the minds of those not familiar with the subject. Whether repealed or not, the fact would be that it was not in effect and could not be put into effect and therefore could not be regarded as a provision of law which was in effect in 1919—

the revisers were forced to the conclusion that the Secretary was quite right when he spoke of their "lack of personnel qualified for the task." This personnel still have, I understand, 96 criticisms of the Navy Department's part of the bill in the hands of the other committee. The revisers have prepared 96 thorough discussions of the 96 suggestions. If some other committee will study the criticisms and the answers this committee has made, they ought to be able to decide which is right. I should think a day or two's work would fully dispose of the whole matter, and if they wish to make 96 amendments to the law as presented by our committee, that is their privilege and that is what they are instituted for, and if there is something to correct, why do they not correct it. I should not like to feel that they would idle away two years on a work of this vast importance and for which there is a general and insistent demand from the bench and the bar all over this country. If there is a mistake in it, fix it; that is what you are paid for and that is your duty. I insert the following letters on this subject:

UNITED STATES SENATE,
COMMITTEE ON PUBLIC LANDS,
May 23, 1920.

Hon. E. C. LITTLE,
House of Representatives, Washington, D. C.

DEAR MR. LITTLE: I am in receipt of your letter of May 20, 1920, inclosing copies of two letters received by you concerning your bill to codify the laws from justices of the Supreme Court. I thank you for sending me copies of the letters. I congratulate you upon your splendid work so far accomplished by you.

Yours truly,
REED SMOOT.

—

1301 CLIFTON STREET,
Washington, D. C., May 10, 1920.

Hon. E. C. LITTLE,
House of Representatives, Washington, D. C.

DEAR SIR: I have your favor of the 29th ultimo and have just received a copy of your bill for the revision of the statutes of the United States. So far as opportunity has offered, I have examined it, and it seems to me that the work is well and thoroughly done. Thanking you for the favor, I am,

Very truly yours,
WILLIAM R. DAY.

—

THE CONNECTICUT,
Washington, D. C., May 14, 1920.

Hon. E. C. LITTLE, M. C.,
House of Representatives, Washington, D. C.

DEAR SIR: I have received the calendar print of the Laws of the United States, and thank you very much for the same.

The amount of research and industry which you exhibit in your bill is wonderful.

Respectfully yours,
JOSEPH MCKENNA.

—

LOUISVILLE, KY., *January 9, 1923.*

Hon. RICHARD P. ERNST,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I regretted very much not seeing you again while we were in Washington, but circumstances did not seem to favor your plan of dropping in on us on your way to the Capitol the morning after I saw you. I regret that such was the case, but know how busy you are and how likely you are to be diverted from one thing to another under the necessity of the situation.

The one thing which I desire to bring to your attention was the effort now being made to revise the statutes of the United States and to have the code of laws published as promptly as possible. I wanted to talk to you about this because of its importance to the United States courts and especially to the judges. I need not remind you of the enormous size and number of volumes which have accumulated since the last revision and the trouble the courts have in looking through all of them for possible enactments. It is because of this situation that I venture to bring this matter to your attention and to ask, if it be possible, that you will facilitate the enactment of proper laws. My attention has been directed to you in the matter because I saw in the newspapers that one of your committees was the one which had the matter under consideration for action.

Hoping that you are well, and that the new year will bring you blessings, I am

Very cordially yours,
WALTER EVANS.

COMMITTEE ON APPROPRIATIONS,
HOUSE OF REPRESENTATIVES,
Washington, D. C., May 26, 1921.

Hon. EDWARD C. LITTLE,
House of Representatives, Washington, D. C.

DEAR MR. LITTLE: During the recent vacation I took occasion to examine very carefully your codification of the United States Statutes. I did this with a special interest as a lawyer and as a member of the Judiciary Committee of Congress. I want to say to you that I am very familiar with codification work, having done a lot of it myself. I have never seen it as well done as you did it. I believe you have rendered a very great service not only to the professional bar but to every man who wants to know what his rights and what his duties are under United States law, and I have the honor to subscribe myself

Your obedient servant,
JAMES W. HUSTED.

—

COMMITTEE ON NAVAL AFFAIRS,
HOUSE OF REPRESENTATIVES,
Washington, D. C., June 15, 1921.

Col. EDWARD C. LITTLE, M. C.,
House Office Building, Washington. D. C.

MY DEAR COLONEL: I have just taken the opportunity of looking through the new codification of the Federal laws, which is now pending before Congress and which, without doubt, will shortly be passed by both Houses and signed by the President.

I am astounded at the amount of work that has been involved in this great undertaking of revising, harmonizing, and systematizing the laws of our country. Without in any way reflecting upon the other members of the commission, I know that practically all of this work has been done by yourself. From my experience as a lawyer and a judge on the bench, I know it is impossible to praise too highly the great work you have done. It is the most important piece of legislation that has come before Congress in many a year, and I would rather go down to posterity as the author of this great work than to be known as the author of any bill that has passed Congress in the last five years.

Allow me to congratulate you on the magnificent work you have so well accomplished.

Very truly yours,
PHIL D. SWING.

—

STETSON, JENNINGS & RUSSELL,
New York, January 31, 1923.

Hon. EDWARD C. LITTLE,
House of Representatives, Washington, D. C.

MY DEAR MR. LITTLE: Your letter of January 10 reached my office while I was absent attending the midwinter meeting of the executive committee of the American Bar Association. Since my return a few days ago I have been hoping that I might have time to make the critical inspection of the bill which you suggest, but with the pressure of other matters it is quite clear that I shall not be able to do so in time to make my views of any service to you during the present session of Congress. There can be no question on the part of anyone that such a recodification is urgently necessary, and it will be a great pity if Congress adjourns without putting its stamp of approval upon the work. I know, of course, how difficult it is to get attention for such matters in the closing days of a busy session; but, after all, a bill of this character is distinctly a work for committees rather than for either House as a whole, and the general body, I should think, would be willing to adopt with a minimum of discussion a bill which comes to it with a favorable report.

Believe me, very sincerely yours,
JOHN W. DAVIS.

Mr. LITTLE. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by inserting therein some further letters that I have, to which I direct attention.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Chairman, I yield five minutes to the gentleman from West Virginia [Mr. GOODYKOONTZ].

Mr. GOODYKOONTZ. Mr. Chairman, the Washington Post of Monday, January 15, carried an article of unusual interest, which was to the effect that it had been learned that Mr. Isadore B. Dockweiler, Democratic national committeeman from California, had been in Washington procuring a mailing list of members of the American Legion, and that it was assumed that the mailing list was desired for the circulation of a "bonus-tariff" speech alleged to have been delivered by Mr. W. Gibbs McAdoo at Fullerton, Calif., on Armistice Day, and which had been printed in the CONGRESSIONAL RECORD, and was therefore available for circulation without postage. The same article that was printed in the Washington Post, a journal of wide reputation and responsibility, also, as I am informed, went over the wires of the Universal News Service, presumably to the large American dailies that depend upon that service. Furthermore, the Washington Evening Star exhibited on its front page a cartoon representing Mr. William J. Bryan and Mr. James M. Cox, and in the hands of each of them the news report to which allusion has been made, and upon their faces a look of astonishment and disgust.

In view of the wide publicity given this serious charge, I assumed that the same would be met by a vigorous denial upon the part of the Legion officials. Subsequently in the House of Representatives I took occasion to read into the RECORD the news article aforementioned, and at the time observed that Congress in the act which chartered the Legion had in the sixth paragraph thereof said:

That the organization shall be nonpolitical, and as an organization shall not promote the candidacy of any person seeking public office.

I might also have mentioned the fact that by a further clause thereof Congress expressly reserved the right to revoke the

charter at any time it saw fit. This, of course, Congress would not do unless it were convinced that the Legion, as an organization, was being used as an instrument of political warfare or engaged in promoting the candidacy of some person for public office. Individuals, members of the Legion, act in political matters with perfect freedom, just as other members of society have the right, and as is their duty to act and do. If the principal officers of the Legion were permitted to exert pressure, using the corporate name of the Legion as a lever, in order to advance the political pretensions of men for nomination or for election to public office, then this would not be fair to other members of the Legion, for it may be assumed that within the ranks of the Legion, it having over a million members, there are to be found men of almost every shade of political opinion.

I further said on the floor of this Chamber at the time mentioned, that the officers of the Legion owed it to the country and to the great body of patriotic men belonging to the Legion to come forward and deny or admit the truthfulness of the charge so published against them. My object in thus directing public attention to the matter was to provoke a statement which would develop the facts, thereby to give to the officers of the Legion an opportunity to exonerate themselves from blame.

I now wish to direct your attention to a dispatch widely published in the newspapers of the country to the effect that Mr. Alvin Owsley, national commander of the Legion, in a public address made at Anderson, Ind., on January 12, denied that the Legion had entered politics in circulating the bonus speech of William G. McAdoo in California, and declared that he had no information that the California department was circulating the speech, and said that—

> If the distinguished statesman from West Virginia would make a good speech favoring the adjusted compensation bill the American Legion would in all likelihood give it a large circulation; * * * that the distinguished Congressman seems unable to read the difference between loyalty to political parties and loyalty to country.

In reply to Commander Owsley's statement, I must say that I have not charged the Legion with "entering politics by circulating Mr. McAdoo's speech in California." No one has, to my knowledge, made any such charge. The original newspaper article, which I read before the House, alleged that Dockweiler, Democratic national committeeman from California, had been in Washington procuring a mailing list of members of the American Legion, and that this was being done in an attempt to mobilize World War veterans for McAdoo for President. That is the charge, published broadcast in the newspapers and, so far as my information goes, never denied. If true, it represents a bad piece of business.

The commander's statement to the effect that if I will make a "good speech" on adjusted compensation it shall have Legion circulation is surprising, in view of the fact that I have made two speeches on the subject, one in the Sixty-sixth and the other during the Sixty-seventh Congress. Whether these were "good" speeches might be a matter of dispute. If they were to be tested by the opinion of those who opposed the compensation, they might not be classified as good.

The list of Legion members has been, I understand, uniformly refused to Members of Congress for official use in mailing to ex-service men speeches, documents, and departmental rulings that should concern the soldier. I may add that I have heard not a word of complaint against the Legion for having established the rule. It would seem to have its justification in the language of the charter, which I helped to frame, and which says the organization shall be nonpolitical and forbids the doing of any act calculated "to promote the candidacy of any person for public office."

The constitution of the American Legion, as adopted by the St. Louis caucus, May 10, 1919, expressly provides:

> ARTICLE III—NATURE.
>
> While requiring that every member of the organization perform his full duty as a citizen according to his own conscience and understanding, the organization shall be absolutely nonpartisan, and shall not be used for the dissemination of partisan principles or for the promotion of the candidacy of any person seeking public office or preferment.

Thus it will be seen that the founders of the Legion wisely made provision in their fundamental instrument that the Legion should never be used for partisan political purposes.

That I have been a consistent friend and supporter of soldiers' legislation the records will conclusively show. The bill to incorporate the Legion under a Federal charter had my active support in the Judiciary Committee and in the House. The wisdom of Congress in granting this charter I have never doubted, for the Legion has stood as a great bulwark against Bolshevism and as a powerful force for law and order. The only thing that could bring about its disruption and disintegration would be its entry into partisan politics in violation of the organic law of its creation and establishment.

Whether the report mentioned be true or false, I have no means of knowing, but that such report has been widely circulated and never denied I do know.

If any official of the Legion has allowed the use of the mailing list of that organization for the circulation of the McAdoo literature the members of the Legion and the public generally are entitled to be informed. If no such improper use of the mailing list has been had, then a statement to that effect will operate as a denial of the damaging report published widely in the newspapers of the country.

The commander of the Legion before he speaks publicly of the record of a Congressman ought to inform himself as to what that record is. May I quote from a speech made by me in the House as early as May 20, 1920:

> WORLD WAR ADJUSTED COMPENSATION BILL.
>
> Mr. GOODYKOONTZ. Mr. Speaker, I am for this bill without reservation or secret evasion of mind.
>
> In the spring and summer of the year of our Lord 1917, in the hamlets, villages, and cities of this broad land the soldiers were being mustered in, leaving home, going to the war. The bands were playing and the local orators were haranguing the boys, telling them what great fellows they were. These orators, with eyes turned to heaven and swimming in tears, said: "Boys, when you come back there will be nothing too good for you. Everything is yours. We will stand by you through thick and thin."
>
> Well, the boys sailed away, and when the war was over we found 50,000 of them were killed in battle, 50,000 more had died of disease, 100,000 additional were wounded and maimed. Many of them must suffer for life, and now, when we bring up this little bill, we find the profiteer trying to escape with the swag, moaning and groaning, and telling us that the bill is bad.
>
> * * * * * * * *
>
> In America, "the land of the free, the home of the brave," all stand equal. All, irrespective of race or religion, are equals. No stockbroker or profiteer has a halter about my neck. [Applause.]

In the opinion of the commander this was not a good speech, but it was the best I could do——

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. GOODYKOONTZ. Yes.

Mr. CONNALLY of Texas. Is the reason that the gentleman is complaining because they did not circulate his speech?

Mr. GOODYKOONTZ. The complaint I make is that the Legion has refused to Members of Congress the right to a list of the members of the Legion in order that they might send them copies of bills and resolutions and regulations and other matters that concern the soldier, and yet has given out a list to a politician seeking the Presidency of the United States, at the same time not doing exact justice to William J. Bryan and James M. Cox.

Mr. GREEN of Iowa. Mr. Chairman, I shall confine my remarks to the bill before the House. This bill is a very important one. It involves revenue amounting to somewhere from $20,000,000 to $50,000,000 a year, which is now being lost, or will be lost, to the Treasury on account of the manipulations of transactions on the stock exchange mostly, although the bill applies to some other transactions as it stands now.

The act of 1918 required that any amount which was made in the exchange of property should be assessed in the same manner as any other transaction—that is, that the property received in exchange should, for the purpose of determining gain or loss, be treated as equivalent to cash—to the amount of its fair market value. The result of this provision was both injurious to the Treasury and to the transaction of ordinary business. There were persons in business, corporations and individuals, who had a certain kind of property which they wished to exchange for similar property, to the benefit of themselves and the party with whom they made the exchange, and they would not make the exchanges as long as the law stood in this form for the reason that they would be liable to be taxed on the increase in value from 1913 up to the time of the exchange. On the other hand, the Treasury also lost, because any person who actually had a loss in property held by him could sell it at the loss and get that credited in having his income tax assessed. By reason of these matters, when the act of 1921 was passed, a provision was inserted in it to this effect—paragraph 1, subdivision (c), section 202:

> For the purposes of this title, on an exchange of property, real, personal, or mixed, for any other such property, no gain or less shall be recognized unless the property received in exchange has a readily realizable value; but even if the property received in exchange has a readily realizable value, no gain or loss shall be recognized—
>
> (1) When any such property held for investment or for productive use in trade or business (not including stock in trade held primarily for sale) is exchanged for property of a like kind or use.

In inserting this provision Congress went too far in an attempt to rectify the conditions which were produced by the act of 1918. The door was open for anyone who had a large profit in stock to exchange it for other stock and receive the amount of his profit in cash, without accounting for that profit to the Government or paying any taxes thereon. The letter of the

Secretary of the Treasury which accompanies the bill explains very clearly the purpose of the bill and the evil which it seeks to correct, and I will ask the Clerk to read it in my time.

The CHAIRMAN. Without objection, the Clerk will read the letter.

The Clerk read as follows:

TREASURY DEPARTMENT,
Washington, January 13, 1923.

Hon. WILLIAM R. GREEN,
Acting Chairman Committee on Ways and Means,
House of Representatives.

MY DEAR MR. GREEN: I have your letter of January 12, 1923, requesting any comment that I may care to offer with respect to a bill, H. R. 13774, "To amend the revenue act of 1921 in respect to exchanges of property."

The proposed bill amends the existing revenue law and eliminates the provision which allows the exchange free from tax of stock for other stock and bonds for other bonds, except where any such exchange of securities is made in connection with the reorganization, consolidation, or merger of one or more corporations. It further amends the existing law to provide that where a person receives money in connection with an exchange which would otherwise be tax free, the amount of the money so received shall be taxable to the extent that it represents an actual gain. In connection with this matter it is stated in the Annual Report of the Secretary of the Treasury for the fiscal year ended June 30, 1922, that:

"The revenue act of 1921 provides, in section 202, for the exchange of property held for investment for other property of a like kind without the realization of taxable income. Under this section a taxpayer who purchases a bond of $1,000 which appreciates in value may exchange that bond for another bond of the value of $1,000, together with $100 in cash (the $100 in cash representing the increase in the value of the bond while held by the taxpayer), without the realization of taxable income. This provision of the act is being widely abused. Many brokers, investment houses, and bond houses have established exchange departments and are advertising that they will exchange securities for their customers in such a manner as to result in no taxable gain. Under this section, therefore, taxpayers owning securities which have appreciated in value are exchanging them for other securities and at the same time receiving a cash consideration without the realization of taxable income, but if the securities have fallen in value since acquisition will sell them and in computing net income deduct the amount of the loss on the sale. This result is manifestly unfair and destructive of the revenues. The Treasury accordingly urges that the law be amended so as to limit the cases in which securities may be exchanged for other securities without the realization of taxable income to those cases where the exchange is in connection with the reorganization, consolidation, or merger of one or more corporations."

In accordance with this recommendation made in the annual report, I approve the proposed bill as to both form and substance and earnestly urge that this bill, amending the revenue act of 1921, be promptly adopted.

Yours very truly, A. W. MELLON, *Secretary.*

Mr. GREEN of Iowa. Mr. Chairman, as the law now stands, the Treasury, to use the common expression of the day, is beaten both coming and going. If those gentlemen trading on the stock exchange have a loss in stock they have bought, they sell it and get an allowance for the loss on their income taxes. but if they have a gain instead of selling they make an exchange for other property, get the difference in money, and go "scott free" from paying any taxes, although they have realized their profit and got it in cash. The purpose of the bill is to prevent this kind of manipulation and the consequent evasion of taxes.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. DAVIS of Tennessee. Can the gentleman from Iowa tell us why it is that the Committee on Ways and Means has not reported out a bill to reach the profits paid out in stock dividends?

Mr. GREEN of Iowa. The gentleman will perhaps remember some two years ago I introduced a bill for that purpose.

Mr. DAVIS of Tennessee. Yes; I understand the gentleman was for a proposition of that kind, and since that time there has been, according to press reports, about $2,000,000,000 of profits paid out in stock dividends for the specific purpose of escaping taxation, and it has escaped taxation. I want to know why it is that the Committee on Ways and Means does not recognize the situation and report out a bill to reach that enormous amount escaping taxation.

Mr. BLANTON. The Secretary has not made that recommendation.

Mr. FORDNEY. I will say to the gentleman that the members of the Ways and Means Committee do not agree with the gentleman that a stock dividend is profit, that is why.

Mr. DAVIS of Tennessee. That is the reason it has not been reported out; that a majority of the committee were like the gentleman from Michigan, and I am very glad to have him make such a frank statement.

Mr. GARNER. I want to say in behalf of the gentleman from Iowa that his intentions are good but his execution is not very effective, and he has not been able to accomplish what he would like to accomplish in that particular as the gentleman from Michigan kind of overrides him, as it were.

Mr. FORDNEY. The gentleman from Michigan respects the decisions of the Supreme Court, and the Supreme Court has said that stock dividends are not incomes. Is that enough for the gentleman?

Mr. DAVIS of Tennessee. Yes; and that is the reason I think we ought to change the law so that it can be reached in some other way. It can be done all right.

Mr. GARNER. Let me ask the chairman, if I may, if it would not be a good idea to give the Supreme Court another guess, since it stood only five to four; I am willing to let it guess again.

Mr. GREEN of Iowa. That is not necessary; there is another way——

Mr. GARNER. I know, but even I am willing to let them guess at it once more on the direct question as to whether stock dividends are capital or profit.

Mr. FORDNEY. The gentleman from Texas understands me always generally to stand by the majority.

Mr. GARNER. When the majority goes the way of the gentleman from Michigan.

Mr. FORDNEY. When I do not I will declare myself a Bolshevist, which I am not.

Mr. GARNER. Will the gentleman from Iowa yield?

Mr. GREEN of Iowa. I hope the gentleman will pardon me; I will not have time to finish my remarks on the bill itself, and this discussion is entirely extraneous.

The Members will perceive that the bill still preserves the principle in reference to exchanges of productive property of the same use, but it takes from the list of property which may be exchanged without a gain or loss being recognized all property held for investment, which would include stocks and bonds. The last part of the bill further provides that in cases of reorganization of corporations——

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GREEN of Iowa. May I have two or three minutes more?

Mr. GARNER. I yield the gentleman two minutes.

The CHAIRMAN. The gentleman is recognized for two additional minutes.

Mr. GREEN of Iowa. The last part of the bill provides that in case of exchanges of stock in reorganization of corporations that only the amount of the other property of a readily realizable value received in addition or as "boot" shall be taxed as gain. The reason for this is in the reorganization, where we simply have an exchange of stock of one for another, unless they get some cash or other property "to boot," as the common expression is, the gain has not been realized, and there is no change in the situation except in the method of carrying on the business. I think there is no objection to the main features of the bill, although the gentleman from Michigan may desire to offer an amendment.

Mr. GARNER. Mr. Chairman, I want to call the attention of the members of the committee to the general purposes of this bill, just in a word. This bill is to keep New York brokerage houses from making exchanges of bonds and stocks at the last of the year and thereby cheating the Government out of from $30,000,000 to $100,000,000 a year, according to the estimate.

It is a very technical provision. I do not know whether it is true or not, but I have heard a gentleman say that the expert in charge at the Treasury Department remarked that it took him three hours to understand it after it had been drawn by experts to meet that particular situation. So you must understand just how difficult it is for the members of the committee or yourselves to understand the particular provisions of the bill. But remember this, that this bill would not ever need to have been passed if the Republicans had followed Democratic precedents. Democrats do not leave these kinds of loopholes in the laws they enact. [Applause.] Only Republicans do that. [Laughter.] The act of 1918 guarded against all that difficulty. But some shrewd gentleman—not a member of the committee of course, but some shrewd expert—can always get his hand into the arrangements under a Republican administration and all its legislation, whether it be tariff or internal revenue.

The gentleman from Michigan [Mr. FORDNEY] says he is always with the majority. I want to call his attention to the fact that in this instance he is not. This committee made up this bill. It is perfect in form, perfect in substance. The Treasury Department says so in so many words, indorsing it in form and in substance. But the gentleman from Michigan was not here then. He was out in the West. Somebody discovered this bill and discovered that they were likely to get some coal and lumber lands in exchange, and immediately the gentleman from Michigan comes back to Washington post haste; and it

seems there were some wise men that came with him, or at least behind him, and, lo and behold, you will have an opportunity in a few minutes, when this bill is read under the five-minute rule, to vote for an amendment.

And what is the object of the amendment? The object of the amendment is not to change the law as it is now interpreted by the Treasury Department. I think the gentleman from Michigan will agree that it is not to change the law as it is drawn in this bill, for I held that up to Mr. GILBERT and asked him if that would not be the exact law in this bill, and he said it would. But the gentleman from Michigan [Mr. FORDNEY] is going to tell you that he is not willing that the ruling of the Treasury Department shall continue as it is, for he is afraid that a change will be made and that some other Secretary of the Treasury or some other Commissioner of Internal Revenue will change the law, and so he wants to put in an amendment so as to protect, as he says, the conditions existing in the West. What is the result of the change he proposes to make? Let us analyze it for just a moment. My friend from Michigan used an illustration which I thought was not a very happy one. Nevertheless it is an illustration. Under the laws of the country at the present time the Interior Department is exchanging lumber lands in the West with private individuals in order that these alternate sections may be blocked up and the land thereby become more valuable. There is no limitation on the Secretary of the Interior. It is in his discretion. For instance, he feels kindly, we will say, toward Mr. COLLIER, and he wants to favor him. I do not say he would do that, but I say if he knew the genial disposition and the good heart of the gentleman from Mississippi he would favor him all he could. Anyway, he makes an exchange of lands with Mr. COLLIER. Mr. COLLIER takes one of the Interior Department sections of land and in return the Department of the Interior takes one of Mr. COLLIER'S sections of land, and in doing so Mr. COLLIER gains to the extent of $20,000. You say there is no tax to be paid.

I agree that under the interpretation of the law at the present time that there is no tax to be paid. But is there any reason why you should not let the Secretary of the Treasury look into it as well as the Secretary of the Interior? They are both Republican executive officers, under the Republican administration. Why not allow two Secretaries to look into the transaction as well as one?

The gentleman from Michigan was not willing to do that. The gentleman from Michigan cost this Government $400,000,000 by insisting upon this identical section. If you will turn to the revenue act of 1918 and the revenue act of 1921 and make a comparison, and turn to the identical page, you will find that this is the valuation clause and the exchange clause in the internal revenue act of 1921 that the gentleman from Michigan and myself have quarreled so much about; and I said on the floor of the House then, and I repeat now, that the enactment of that legislation which he insisted upon and which he honestly believed was to the best interests of the country and believed to be honest legislation—I say it to his credit—has cost this Government not less than $400,000,000 in the exchange of these properties.

Now, Mr. Chairman, you may say it is desirable to pass this bill, and it is desirable to pass it in this form. But if the amendment that will be suggested by the gentleman from Michigan is adopted, it will only put into the law the present interpretation of the statute, as I understand it. At least, that is the statement of Mr. Gilbert.

But I call your attention to the fact that the Secretary of the Treasury has said that this is perfect in substance and in form, and I call your attention to the further fact that the entire committee unanimously, Democrats and Republicans, reported this out, after we had had three different meetings with the Treasury officials. I believe it was three, was it not, I will ask the gentleman from Iowa [Mr. GREEN]? Yes; three. The gentleman from Michigan [Mr. FORDNEY], as I tell you, came back, reversed the decision, opposed the amendment, and the committee authorized a halt.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. GARNER. I yield to the gentleman.

Mr. GREEN of Iowa. The gentleman and I agree in saying that the Treasury Department would make no different application of the law, so far as the illustration that he gave is concerned, but that would not apply to some other matters.

Mr. GARNER. I am in perfect agreement with the gentleman from Iowa, and here is a situation that you Republicans ought to stop—you, the gentleman from New York [Mr. CROWTHER], included. Now, that the glove situation is over, I think you ought to make an appeal to your intellect and conscience, outside of the personal interest in the district which you represent.

Mr. CROWTHER. The gentleman from Texas poses as having all the intellect, so what chance is there for the rest of us? [Laughter.]

Mr. GARNER. The gentleman from Iowa [Mr. GREEN] does not believe this amendment ought to be adopted. Other Republican Members do not believe it ought to be adopted, but it will be adopted, and that is the criticism I have against Mr. GREEN. His intentions are good, and if you labor with him long enough his ideas will be all right, but he does not stand firm enough. He will not stand; that is what is the matter with him.

Mr. GREEN of Iowa. I will at least always stand for what I say and the record I make. I do not take my speeches out of the RECORD like the gentleman from Texas. [Laughter.]

Mr. GARNER. I know. If the gentleman from Iowa would only stand up on the floor of the House as well as he does in the RECORD and maintain his position with his party as well as he puts his speeches in the RECORD, the country would be better off. I have said that on the floor of the House before, and I repeat it now. The gentleman from Iowa has been acting chairman of the Ways and Means Committee. He reports this bill as acting chairman. He gets letters from the Secretary of the Treasury as acting chairman, but he does not act when it comes to asserting his power with reference to his own judgment, because, if he had done so, he would have told Mr. FORDNEY where he got off with reference to this amendment.

If I had been acting chairman of the Ways and Means Committee and the chairman had come back to me and said he wanted to offer this amendment, I would have said: "This is a unanimous report. This has been indorsed in form or substance by the Treasury Department. Now you come back and suggest this amendment, and here is where you are making a mistake, and here is where you get off." That is what I would say to him. Mr. GREEN will not do that. Maybe he follows the better course. Maybe that is better party harmony. When we passed the bonus bill, for instance, I heard him say on the floor of the House that in conference he intended to see that some of the things he was talking about became the law. Well, those things did not become the law. When the gentleman takes his hand off of a bill in this House and lets it go over to the Senate, the gentleman from Iowa does not know exactly in what shape it is coming back with the proposed amendment of the gentleman from Michigan as a part of the bill.

Mr. GREEN of Iowa. That is not my fault.

Mr. GARNER. Oh, no; it may not be the gentleman's fault, but it is the gentleman's fault that he adopts this amendment.

Mr. FORDNEY. Oh, no.

Mr. GARNER. The gentleman from Michigan knows that if the gentleman from Iowa had asserted his power——

Mr. FORDNEY. He did assert his power and he did vote against the adoption of the amendment, but the majority voted for it, and as a gentleman and a good Republican he acquiesces in the action of the majority of his own party.

Mr. GARNER. That is what I say. The result is that the gentleman from Iowa does not get what he wants, because the gentleman from Michigan [Mr. FORDNEY] undertakes to attend to things for him. He not only attends to him in the committee but he attends to him on the floor of the House.

That is what I complain of. His intentions are good, his ideas are good if he has plenty of opportunity to look into them, but his execution is not what it should be.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. GARNER. I yield to the gentleman from Iowa.

Mr. GREEN of Iowa. If my friend wants to be fair, he would say that I have had more to do with this revenue legislation than anyone else, although I sometimes got overruled by the committee.

Mr. GARNER. Yes; as a usual thing I say I find myself in accord with the gentleman from Iowa, and as a usual thing I find the gentleman from Iowa in the minority of the Republicans on the committee.

Mr. GREEN of Iowa. Oh, no; the committee generally agrees with me.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That paragraph (1) of subdivision (c) of section 202 of the revenue act of 1921 is amended, to take effect January 1, 1923, to read as follows:

"(1) When any such property held for productive use in trade or business (not including stock in trade or other property held primarily for sale) is exchanged for property of a like use."

Mr. FORDNEY. Mr. Chairman, I wish to offer a committee amendment.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 1, strike out the matter in lines 6, 7, 8, and 9 and insert in lieu thereof the following:

"(1) When any such property held for investment, or for productive use in trade or business (not including stock in trade or other property held primarily for sale, and in the case of property held for investment, not including stock, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidence of indebtedness or interest), is exchanged for property of a like kind or use."

Mr. FORDNEY. Mr. Chairman and gentlemen of the House, my good friend from Texas [Mr. GARNER] always exaggerates. He is a big ear of corn in a little shuck. I am very fond of him. He is a dear, good fellow. We differ sometimes, and it is an honest difference of opinion. But as to this particular amendment, gentlemen, permit me to say that Mr. GARNER does my beloved friend from Iowa [Mr. GREEN] a great injustice, in my opinion. I was absent from the city when this bill was reported out by the committee, and on my return here I discovered—upon the best legal advice that I could get, I am not a lawyer—that the bill as reported is uncertain and ambiguous as to its real meaning. I called the Secretary of the Treasury and asked him if I were not correct. He called into his presence the Assistant Secretary of the Treasury, Mr. Gilbert, a very estimable gentleman, and, after considering the suggestion made by me, decided that I was correct. I have here a letter from the Secretary stating that the Treasury Department has no objection to the amendment which I submit to the committee, which was prepared by the Treasury Department and has been adopted by a majority vote of the committee.

Mr. GREEN of Iowa and some other gentlemen of the committee did not agree to the amendment, but all acknowledged that its adoption would make plain the fact that no change to certain provisions of existing law was intended by the bill as it was originally presented to the committee and reported before this amendment was agreed to. I am very much in favor of the bill. It should be enacted into law soon to enable the Treasury Department to collect taxes that by an evasion of the law by certain people it is now losing.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. GARNER. Why did the gentleman from Michigan so draw the law as to let these people escape from taxation?

Mr. FORDNEY. Oh, the gentleman from Texas is wrong, and, as a lawyer, he ought to know that he is wrong. The bill does not permit anybody legally to escape the payment of taxes. They escape by hook or crook by an evasion of the law. We are now trying by this bill to make it possible for the Treasury Department to collect every dollar of taxes it is entitled to.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. MADDEN. I wish the gentleman would tell us in a few words just exactly what it does do.

Mr. FORDNEY. If two corporations or individuals are exchanging land, to bunch up property or consolidate their holdings, to get it together where it is more valuable to both, and there is no profit made by either, then there shall be no tax. For instance, suppose up in Pennsylvania a man owns some coal lands in a certain township, a few scattered pieces, but in an adjoining township he owns the major portion of the coal lands. Suppose there is another party willing to exchange holdings for the purpose of better grouping both interests.

They exchange these lands in order to group up and make them more valuable to both. Where no profit is shown by this exchange, I want the law to be clear that there shall be no taxes due, and that is all this amendment does, and that is what existing law does.

Mr. MADDEN. What does the bill do?

Mr. FORDNEY. Through a propaganda, as explained by the Secretary of the Treasury in his letter, which will go into the RECORD, securities are being exchanged, not on the boards of trade but by brokers, where profits are derived, but on which profits the Treasury Department is unable to collect taxes, because of misrepresentation and violation of the law. However, if a loss is to be sustained, instead of exchanging through the brokers in a private office, they go onto the board of trade and there take the loss, and then use that loss in making out their tax statement and get the benefit of the loss; and this bill is to correct that practice.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. FORDNEY. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MADDEN. What about this sort of a case? Suppose a citizen had a lot of stocks and he did not want to pay the tax, and he sold the stocks to-day and bought them back to-morrow in order to avoid the tax. Does this bill correct that?

Mr. FORDNEY. I am not certain as to such a case, but he can no longer, through a stock broker, make such exchanges without paying a tax where a profit has been made. That is what the bill is intended to correct. It is to catch those transactions which are now escaping taxation through exchanges in a private office through brokers in the way the gentleman speaks of.

Mr. STAFFORD. Will the gentleman explain what tax would be paid to this exchange of lands if the gentleman's amendment was not adopted?

Mr. FORDNEY. The Treasury Department says that they did not intend to draw the bill to make such exchanges of property taxable, but they admit it might be so construed, and if so, then the parties making the exchange, even though no profit has been made, if the internal revenue commissioner should so rule, must pay a tax, or go into court and fight the matter out. My good friend from Texas [Mr. GARNER] a few moments ago, in discussing House bill 13775, said that he was opposed to giving any one man such great power as that to which he referred. That is exactly what this bill will do, if you do not adopt this amendment. It will give more power to the Commissioner of Internal Revenue. Where persons exchange property with profit to neither he may insist that a profit was made and compel the payment of a tax. If one property is more valuable than the other, when that property is converted into money, then the profit shall pay a tax, but the amendment will not call upon the party making the exchange to pay the tax on a profit until that profit has been obtained.

Mr. MADDEN. Suppose he never sells the property. Suppose, for example, the gentleman from Michigan owns a piece of property and I own two pieces of property. The gentleman's piece is worth more than my two pieces. Suppose we traded them, and on the face of the record show that we traded them even, whereas as a matter of fact money passed between us to make up the difference.

Mr. FORDNEY. Then the profit is taxable.

Mr. MADDEN. But who knows about that?

Mr. FORDNEY. Oh, if you attempt to evade the law; if you make a profit and do not pay the tax, that is fraud, and the law forbids frauds. If a profit is made by one or the other, the law provides that the profit shall pay a tax, but if two pieces of property are exchanged, city property, farms, coal property or timber property and there is no profit made, then no tax shall be paid and this amendment makes that point clear.

Mr. SEARS. Mr. Chairman, as I understand the gentleman just now he stated in answer to the question of the gentleman from Illinois that you could not sell stock at the low price now and then buy it back and avoid the tax. I call the gentleman's attention to the fact that recently I have read of many cases where they issued large amounts of stock and declared dividends, in one case as high as 900 per cent. Does this law stop that?

Mr. FORDNEY. This law is supposed to correct existing law in the exchange of personal property and collect taxes where profit is made—but does not deal with stock dividends—that is an entirely different matter——

Mr. SEARS. Perhaps the gentleman did not understand the question.

Mr. FORDNEY. At all events, if it is fraud, fraud can be always corrected.

Mr. SEARS. Now, the issuing of stock——

Mr. FORDNEY. Perhaps I did not get the gentleman's question fully.

Mr. SEARS. Now they are increasing the capital stock and issuing stock dividends in some cases up to 300 per cent.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. FORDNEY. I am sorry that I have not more time.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the gentleman have five minutes more; this is an important matter, and he claims to know more about his amendment than anybody else.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the time of the gentleman from Michigan be extended five minutes. Is there objection. [After a pause.] The Chair hears none.

Mr. BLANTON. May I ask the gentleman a question?

Mr. FORDNEY. Yes.

Mr. BLANTON. Suppose there is an exchange of properties, and the properties themselves are of equal value before the ex-

change, but after the exchange it enhances the respective properties of the parties making the exchange $100,000 apiece?

Mr. FORDNEY. Yes.

Mr. BLANTON. Suppose the parties allege that there has been no profit to either of them. Will the amendment of the gentleman prevent the reaching of the profits in those properties?

Mr. FORDNEY. It does not. Whenever either piece of property so exchanged is converted into money, then that profit will be taxed.

Mr. BLANTON. Must be.

Mr. FORDNEY. Absolutely, and there is no escape from it.

Mr. ARENTZ. Will the gentleman yield?

Mr. FORDNEY. I will.

Mr. ARENTZ. For instance, I own a piece of land in Iowa—corn land, worth $200 an acre—or I will say a woman does. A man owns a piece in Texas, in the Panhandle, worth $5 an acre. He comes along to this woman and says, "I have 320 acres of land in the Panhandle section"—does not state what it is worth—"which I will exchange for 160 acres of your corn land." This woman thinks it possible they might strike oil down there, and makes the exchange; and she gives 160 acres, worth $200 an acre, for 320 acres of land in the Panhandle district, worth $5 an acre. He does not pay one cent——

Mr. FORDNEY. If the gentleman thinks that anybody is darn fool enough to give away $200 land for $5 land——

Mr. ARENTZ. I have seen——

Mr. FORDNEY. I do not want to argue the question. Pardon me, my friend, I did not mean to be sarcastic, but I want to say this much: In the exchange of property it is supposed that fair value will be given, one with the other. Now, I do not want to place it in the power of the Commissioner of Internal Revenue to say one man has made a profit when he insists he has not, and make him pay taxes on supposed profit until he has converted that property into money. That is the point. Gentlemen, the only purpose of the amendment is to prevent the tax upon exchange of property where there is no profit made. If there is a bonus paid, if there is additional money paid in exchange, that money is taxable under the provisions of the amendment. This amendment is recommended by the Treasury Department, gentlemen, and I hope the amendmen is agreed to.

Mr. BLANTON. Will the gentleman yield? Suppose the properties are not converted into money; then will the profits from the enhanced value be reached by taxation?

Mr. FORDNEY. That is existing law; but I do not want anybody to pay taxes if no profit is made.

Mr. BLANTON. But if you make the exchange and reap $100,000 profits thereby, you ought to pay the tax.

Mr. FORDNEY. Yes; and under the law you have to pay it. This will not relieve you in any way from the payment of such tax in that respect.

Mr. GREEN of Iowa. Mr. Chairman, I think a sufficient answer to what the gentleman from Texas has said as to how much I have accomplished before the committee is to call attention to the fact that these Treasury bills have been referred to me, and that even under his own administration, when they wanted something done with nonpolitical matters in that committee, they appealed to the "gentleman from Iowa" to take care of the Treasury bills. I did take care of them and they went through, as these bills are going through.

Mr. GARNER. I agree with the gentleman, and I said in the beginning that the gentleman had been very valuable, and under his supervision he reported out these five bills and they are all good legislation. The only thing I regret is that the gentleman from Michigan came back and kicked him out. [Laughter.]

Mr. GREEN of Iowa. Mr. Chairman, I do not care to reply to that. This bill is altogether too important to be laughed at, because it means, as the gentleman from Texas stated in one of his various remarks that happened to be correct, that about $50,000,000 will be lost to the Treasury of the United States if it is not passed. The Treasury has already sustained large losses. The stockbrokers and dealers on the stock exchange are advertising that they can make these exchanges in such a manner that no tax will result, and practically no taxes will be collected on account of profits made in stock deals unless this bill becomes a law.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. STAFFORD. Will the gentleman give his views as to the pending committee amendment, so that the committee may have them in determining whether or not this amendment should be adopted?

Mr. GREEN of Iowa. I will answer the gentleman, going back to the very beginning. I fear that the members of the committee may have gotten an incorrect notion of the present law and of the amendment.

Under the present law neither gain nor loss is recognized on exchanges of property of like kind or use with the exception of stock in trade held for sale. Consequently there is no profit to be assessed or loss to be deducted thereon under the present law. The effect of the amendment offered by the gentleman from Michigan [Mr. FORDNEY] would be merely to add to this exception stocks, bonds, and choses of action. The bill goes further and would make exchanges of all property not held for production use taxable the same as if the property had been sold. The reason I was not in favor of the amendment was this, that it restored the words "for investment" after the word "property." Now, property that is held purely for speculative purposes is held for investment, and consequently the amendment would take out of the operation of the bill property held purely for speculative purposes. I believe that on exchange of such property the ordinary rule should apply, whether it be city lots.

My own view of the case as it stands now is this: This bill must go over to the Senate in the last days of the session. If it is adopted there, it will have to go through practically by unanimous consent. The amount of transactions which would be included by the bill as it stands, over what would be included under the amendment offered by the gentleman from Michigan, is probably not very large, and the loss of revenue which it would cause would not be very great; whereas it this bill did not pass at all there would be an immense loss to the Treasury. Therefore, I would rather have this bill passed in its present form than not to pass at all.

Mr. FORDNEY. Will the gentleman allow me to read two or three paragraphs in his time, so that the House may understand what the existing law is?

Mr. GREEN of Iowa. Yes.

Mr. FORDNEY. The existing law, paragraph (c), page 6 of the comparison of the acts, reads:

(c) For the purpose of this title, on an exchange of property, real, personal, or mixed, for any other such property, no gain or loss shall be recognized unless the property received in exchange has a readily realizable market value; but even if the property received in exchange has a readily realizable market value, no gain or loss shall be recognized.

That is the existing law. I want to make it plain that we are not changing that law. That is all.

Mr. GREEN of Iowa Of course, we do not change that part of the law, either under the bill as it stands or as it would be amended by the gentleman from Michigan [Mr. FORDNEY].

Mr. GARNER. Mr. Chairman, will the gentleman yield in that connection?

Mr. GREEN of Iowa. Yes.

Mr. GARNER. I want to call the attention of the committee to the fact that there never was a more intelligent report made to Congress than the one the gentleman from Iowa [Mr. GREEN] has made on this bill. It points out not only what is the existing law but what the changes are.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GREEN of Iowa. May I have five minutes more?

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. GARNER. If any gentleman will get this report he will find the law as it is and the law as it will be if this bill becomes a law as reported. He will see exactly what the changes are. I think that ought always to be done when a law is changed.

Mr. GREEN of Iowa. I want to say further in reference to the statement made by the gentleman from Texas [Mr. GARNER] that even as the law now stands it would bring in more revenue than the law of 1918, because people would not make these exchanges under the act of 1918 and be taxed for profit; but if there was a loss they would make the exchange or sell the property. Then they got the benefit of the allowance for the loss. This could be done under the act of 1918, passed by a Democratic administration. It was the intention of the Republicans in passing the law of 1921 both to facilitate business and also to bring in revenue to the Government from the profits on the sales that would be made of capital assets.

Another feature of this bill relates to "other property," either money, cash, or some other property that is received in what we commonly call "boot" in a trade of such property as is specified in the paragraph amended by section 1 of the bill.

The even exchange of these properties, neither under the present law nor under the bill as it is proposed, would be taxable, because when people make a straight exchange they do not give any boot one way or the other, and in that case it is presumed that neither has realized any profit in the transaction. They simply get property that they can handle or use otherwise to better advantage. But the provisions of the law as it stands has enabled stock speculators to effect an immense profit, and then, simply by an exchange and taking something as boot, realize on their profits without paying any tax to the Treasury.

Mr. HAWLEY. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Oregon moves to strike out the last word.

Mr. HAWLEY. Mr. Chairman, the purpose of this legislation in the last section of the bill, on page 2, is to tax the actual cash profits on exchanges of stocks and bonds, choses in action, or other securities, or certificates of indebtedness or interest—to tax the actual gain when any amount has been paid in such exchange in cash by one party to the other. Whenever stocks, bonds, or other obligations named are exchanged and money passes in the transaction the gain will be taxed. It is not now taxed.

Now, the amendment proposed to the first part of the bill is to accomplish the same purpose in the exchanges of property. Under the present law if John Doe exchanges a piece of property with Richard Roe and no money consideration is given by either no tax is paid until the one party or the other sells the property received by him in the exchange. These exchanges are confined to exchanges of properties of like kind or use.

When the property is realized upon the Treasury Department ascertains the value of the property as of March 1, 1913, which he gave in exchange, and subtracts that from the amount he received for the property he had just sold, and upon the difference between these two amounts he pays a tax. That is, it applies the same rule to exchanges of real property by taxing only the realized gain, when the gain has been realized, which we propose to do for stocks, bonds, and the other obligations named in the second section of the bill under consideration. The amendment in the first section of the bill as it now reads omits some words from the present law. It leaves out the words "for investment or" and the words "kind or." The omission of these words limits the exchanges that will not be taxed until the property is realized upon to property held for productive use. The Treasury Department found upon examination that it is often difficult to determine whether a piece of property taken in exchange will be held for productive use or for investment. For instance, a man has a mill. He exchanges some property. He obtains some timber which he intends to manufacture into lumber. His mill burns down. He has not the funds to rebuild. Then he must hold the land he receives in exchange as an investment, at least for a time. The Treasury suggests that if the words cited are stricken from the law then the Treasury must ascertain whether an estimated gain had been made, and assess a tax upon such estimated profit, even though no money had been paid as part of the consideration in the transaction. The amendment offered by the gentleman from Michigan [Mr. FORDNEY] restores the language of the existing law, and add in the parentheses certain words excluding from the operation of this paragraph the kinds of property named in the second section of the bill, which is new legislation. We propose to relieve the taxpayers from paying taxes on transactions which may really result in a loss. John Doe and Richard Roe may have made an exchange, and Richard Roe may have been considered to have made a profit at the time the transaction was consummated. If when he sells the property received in the exchange he sells it for less than the value as of March 1, 1913, of the property he gave in exchange he really suffers a loss. If we retain the present law exchanges of property will be taxable only when the property is realized upon in whole or in part, and then to the extent of the profits made, and the taxes will be duly collected upon all profits, actual and realized, obtained from exchanges of property.

If we leave out of the law the words cited, the Treasury Department will be compelled to investigate every exchange to determine whether any profit has been made by either party or not, and if they find that any estimated profit has been made by either party they must assess the tax, providing it is also considered that the exchange was made for purposes of investment and not for productive use. How can the questions so raised be decided except by continuous litigation, which will accomplish no good purpose not accomplished by the law as it now stands?

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. I ask unanimous consent that the gentleman may have five minutes more.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the time of the gentleman from Oregon be extended five minutes. Is there objection?

There was no objection.

Mr. STEVENSON. Will the gentleman yield?

Mr. HAWLEY. May I conclude this one statement? The Treasury officials will be compelled to investigate all exchanges, because no official of the Treasury would feel himself warranted in omitting to make an investigation and collect any possible tax. He might be held to have been derelict in his duty. Now, it may be that when John Doe and Richard Roe exchanged property John Doe was considered to have made a gain, whereas really he made a loss when he sold the property received in exchange for less than the value of the property as of March 1, 1913, which he gave in the exchange.

Mr. STEVENSON. The gentleman is right at the point where I want to ask my question. If John Doe made a loss, then Richard Roe must have made a gain. Did not one of them make a gain if the other one was compelled to make a loss?

Mr. HAWLEY. No one making a gain in exchange of properties will finally escape taxation. He will be taxed when he realizes upon the property in whole or in part. The exchanges are limited to exchanges of properties of like kind or use.

Mr. STEVENSON. But that may never happen. Suppose they go on swapping with somebody else? Suppose Roe, after he makes his gain, swaps it to somebody else? When are you going to determine whether a loss is made?

Mr. HAWLEY. Under the present law a gain is made and becomes taxable when a man sells the property that he has received in exchange for more than the property he gave in exchange was worth on March 1, 1913. That gain is an actual fact, and should be and is taxed. It is not a supposed gain where eventually it may happen that the transaction really resulted in a loss.

Mr. STEVENSON. But suppose instead of selling it he swaps it again, where are you going to locate your gain? Suppose he never sells? He may bequeath it to his heirs.

Mr. HAWLEY. You can conceive of an endless chain under any circumstances, I suppose; but we are dealing with a practical situation where property is being exchanged and afterwards sold for cash. It is difficult to conceive of such an endless line of exchanges in which a money consideration would not be a part of the exchange at any time.

Mr. STAFFORD. Are there not cases where the owners of large real-estate interests are trying to evade taxation by exchanging and holding it for years and years?

Mr. HAWLEY. That would be a difficult question to answer, since it would require an examination of each exchange to ascertain whether any money was given as part of the consideration. It is difficult to imagine a series of transactions extending over a period of years in which the property was so evenly valued that no money consideration was at any time necessary to adjust the differences.

There is a further factor of importance, and that is that the exchanges must be between properties of like kind or use.

Mr. STAFFORD. Exchanging it with holding corporations. I can see how taxation might be avoided entirely in the case instanced by the gentleman from South Carolina by keeping on exchanging and exchanging instead of receiving cash.

Mr. HAWLEY. The gentleman knows that there are always persons who strive to evade the law and take wise counsel in order to do it.

Mr. STAFFORD. They try to evade taxation.

Mr. HAWLEY. I do not think the situation that the gentleman cites could possibly arise, because sometime such property would be realized on, in whole or in part, or some cash consideration be a part of the exchange, and when either of these things occur a settlement is made and taxes or profits collected.

Mr. STAFFORD. Not necessarily; it could be handed down to a holding corporation.

Mr. HAWLEY. But whenever it was sold, in whole or in part, or any cash received in a transaction, a settlement would be made and taxes due collected.

Mr. STAFFORD. I should think you might permit them to exchange in one instance, but compel them to pay taxes on the determined valuation when exchanged in the second and following instances.

Mr. FORDNEY. When the attention of the Treasury Department was called to the ambiguity of the bill as reported the Assistant Secretary of the Treasury came up before the committee and recommended this amendment.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. GREEN of Iowa. In answer to what the gentleman from South Carolina said, any person who has a tract of real estate which has gone up in value has undoubtedly made a profit, but we do not tax him on that profit until he sells it. In the same way we preserve this principle through the law—that we do not tax him on the property exchanged unless he receives money or some other property of readily realizable value, so that he has actually realized his profit.

Mr. STAFFORD. If he receives other property, you do not tax him; it is only when he receives money that he is liable to be taxed.

Mr. GREEN of Iowa. If other property has been received by him to boot, he is taxed.

Mr. STAFFORD. That contradicts the statement of the gentleman from Oregon [Mr. HAWLEY].

The CHAIRMAN. The time of the gentleman has again expired.

Mr. GARNER. Mr. Chairman, I rise in opposition to the pro forma amendment. I want to ask the gentleman from Oregon a question. The gentleman from Michigan [Mr. FORDNEY] said that upon reconsideration of this matter the Treasury Department came to a certain conclusion. Then the gentleman from Michigan said that after the Treasury's attention had been called to the ambiguity of the language it came to a certain other conclusion. The Treasury Department has been administering this law since the act of 1921. It has made two annual reports. In these annual reports it points out this defect. The bill was considered, was prepared in the Treasury Department, was sent to the committee, and was introduced by the gentleman from Iowa [Mr. GREEN]. We had hearings on the bill. This same Assistant Secretary of the Treasury was before the committee. We referred the bill to the Treasury Department, and the Secretary, Mr. Mellon, wrote a letter in which he said in form and substance that it was all right. When did they come to this reconsideration and what brought it about?

Mr. FORDNEY. Mr. Chairman, will the gentleman yield?

Mr. GARNER. Yes. I know the gentleman from Michigan can tell us.

Mr. FORDNEY. Oh, the gentleman does not know anything of the kind. Here is a letter from the Secretary of the Treasury, dated the 25th, where he discovered the error in the first bill, which the gentleman helped to report out. The gentleman always makes a mistake of that kind until I help to correct him, and I did it in this case. I called the attention of the Secretary to the fact that there was an error, and he saw it. He saw the light of day before the gentleman did. Here is his letter.

Mr. GARNER. Mr. Chairman, I have got the information. I understand now when this reconsideration came about, when this wisdom came into the Treasury Department and Mr. Mellon was convinced. It was when the gentleman from Michigan [Mr. FORDNEY] visited the Department of the Treasury and pointed this error out to him.

Mr. FORDNEY. Oh, let me read the letter to the gentleman.

Mr. GARNER. Oh, no; I have Mr. Mellon's letter here.

Mr. FORDNEY. The gentleman has not got the last one?

Mr. GARNER. Oh, I have the new letter.

Mr. FORDNEY. Then get right on the bill. The gentleman is wrong.

Mr. GARNER. That is a question for the House to determine. I merely wanted to call the attention of the House to the fact that this wise Treasury Department—and I believe it is wise in many respects, and is a wise administration of the Treasury Department—has gone along for two years urging Congress to stop up this gap, pointing out to the Congress that they had framed a bill which would reach the matter, and then when the gentleman from Michigan [Mr. FORDNEY] visited the department he had an interview with the Secretary of the Treasury, it seems, who then writes a letter and says that he was mistaken, that the gentleman from Michigan had come up and told him wherein he was mistaken; therefore he recommends this amendment. Now, mark this statement. This is the first time that I have ever heard of a department of this Government saying, first, that a bill is perfect in form and substance, and then within 10 days writing a letter saying that an amendment is necessary. The department actually considered the matter for more than two years, actually had a hearing before the committee three times, after the Assistant Secretary had been there and prepared the bill. Then the Secretary of the Treasury writes a letter saying that it is perfect in form and substance, then the gentleman from Michigan [Mr. FORDNEY] visits the department, and the Secretary of the Treasury writes another letter saying that he was mistaken, that there is an error, and that therefore they need this amendment.

Mr. HAWLEY. Mr. Chairman, the gentleman from Texas [Mr. GARNER] will recall that during the hearings on the bill, with the exception of probably two or three lines, all of the time was devoted to the second part of the bill, and no question was raised upon the first part. The committee obtained no information relative to the proposed changes in that, no question having been raised. A question was raised later as to whether the proposed change in the first part of the bill was for the best interests of the country, and that question was submitted to the Treasury Department. The Treasury thereupon reported that the present language in the law, with the insertion of the additional language provided in the amendment offered by the committee to make it harmonize with the provisions of the second section, should be substituted in lieu of the matter now in the bill.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed for five minutes out of order.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for five minutes out of order.

Mr. GOODYKOONTZ. On what subject?

Mr. CONNALLY of Texas. Principally upon the subject referred to in the speech of the gentleman from West Virginia a little while ago.

Mr. GOODYKOONTZ. I shall not object if I can have five minutes in which to reply.

Mr. CONNALLY of Texas. But the gentleman has already made his speech.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CONNALLY of Texas. Mr. Chairman, the gentleman from West Virginia [Mr. GOODYKOONTZ] some time ago rose on this floor and quoted a newspaper report from the Washington Post, in this city, in which it was stated that a gentleman from Los Angeles was in the city, and that it was understood he was trying to get a list of the American Legion members for the purpose of sending out through the mails a speech, according to the gentleman from West Virginia, quoting from the Post, of Mr. McAdoo in favor of a tariff soldiers' bonus.

Mr. GOODYKOONTZ. Mr. Chairman, will the gentleman yield?

Mr. CONNALLY of Texas. Not out of five minutes; the gentleman has had his say.

Mr. GOODYKOONTZ. I said, according to the newspaper interview. I want the gentleman to quote me correctly.

Mr. CONNALLY of Texas. Here is the statement. I have got it here. Here is what the gentleman said, quoting a paper; the paper did not charge it as a fact, but it said it was understood that was the case. So the gentleman from West Virginia made his speech attacking the Legion national commander, not by name, although he said the national Legion executive officers.

Mr. GOODYKOONTZ. Will the gentleman yield?

Mr. CONNALLY of Texas. Not now; the gentleman has had his day.

Mr. GOODYKOONTZ. The gentleman ought not to charge that I attacked the Legion when I merely called upon it for a categorical affirmation or denial. Deal fairly with me this afternoon.

Mr. CONNALLY of Texas. What is that?

Mr. GOODYKOONTZ. I said, deal fairly and do not impute to me words that I never uttered.

Mr. CONNALLY of Texas. There is no intention of misrepresenting the gentleman. If the gentleman will sit down a minute, he may have the occasion later to get mad.

Mr. GOODYKOONTZ. I will be here.

Mr. CONNALLY of Texas. Here is what he said. He said if this charge were true that the Legion ought to deny it. The national commander a few days later gave out an interview and did deny it; he said the Legion did not circulate the speech of Mr. McAdoo, and National Commander Owsley, a gentleman from my State, said he had no knowledge that anybody connected with the Legion in California was doing so. The gentleman from West Virginia gets upon the floor this afternoon again and makes another speech. He makes one speech that is taken down by the reporters and has the reporters kill the speech he actually made on the floor, and hands in to the reporters what I now hold in my hand—the speech to be published. I agree with the gentleman from West Virginia that the Legion as such ought not to be used to promote partisan politics. I agree that politicians ought not to try to use the

Legion for selfish political purposes. I agree with him that if anybody in the Legion gives out a list of the membership for the use of politicians that it is to be condemned, and I commend to a degree that part of what the gentleman from West Virginia says in that speech which is to be printed, which he did not deliver in its entirety. Now, he concludes.

Mr. McARTHUR. Is it an illustrated speech?

Mr. CONNALLY of Texas. Illustrated in a way. Here is what he says. He quotes the commander of the Legion in which the commander of the Legion said that if the gentleman from West Virginia would make a good speech in favor of the bonus the Legion might circulate that.

The gentleman from West Virginia observes that he has already made two good speeches in favor of the bonus and the Legion has not circulated either one of them. Listen to how he concludes:

The commander of the Legion before he speaks publicly of the record of a Congressman ought to inform himself as to what that record is. May I quote from a speech made by me in the House as early as May, 1920?

And so he appends to his remarks a printed copy, copied from the CONGRESSIONAL RECORD, of a speech in favor of the bonus made by the gentleman from West Virginia, and it is a good speech. He says that the Legion commander says that if he made a good speech he would circulate it. But when I turn over this card upon which this speech by this gentleman—who thinks that no one ought to use the Legion for political purposes, no one ought to use the name of a Legion member in connection with politics—when I read here this eloquent speech and then look over on the reverse side I see the handsome face of the gentleman from West Virginia [WELLS GOODYKOONTZ], candidate for reelection to Congress. [Laughter and applause.] Turning over on the other side I find these words at the head of it: "Hon. WELLS GOODYKOONTZ, M. C., in the House of Representatives, on the World War adjusted compensation bill." Down at the bottom I find the language:

In America, the land of the free, the home of the brave, all stand equal. All, irrespective of race or religion, are equal, no stockbroker or profiteer has a halter about my neck.

Now, gentlemen, if the gentleman from West Virginia does not believe his position or my position on the bonus ought to be used for political purposes by Legion men, why has the gentleman circulated in his district the handsome photograph on this card and on the reverse side his speech on the bonus? There is nothing in it about any other kind of legislation. Was that meant for the purpose of circulating among those opposed to the bonus? Was that for the purpose of circulating among the profiteers and the stockbrokers who had halters around the necks of those who did not agree with the gentleman from West Virginia on that subject? Oh, the gentleman from West Virginia means only that he does not believe in anybody using the Legion for political purposes except himself. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired. The question is on agreeing to the amendment offered by the gentleman from Michigan [Mr. FORDNEY].

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk resumed and concluded the reading of the bill.

Mr. GREEN of Iowa. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. HUSTED, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 13774) to amend the revenue act of 1921 in respect to exchange of property, had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. GREEN of Iowa. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The SPEAKER. The gentleman from Iowa moves the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken, and the Speaker announced that the "ayes" appeared to have it.

Mr. BLANTON. Mr. Speaker, may we have a division on that?

The SPEAKER. A division is demanded.

The House divided; and there were—ayes 32, noes 29.

So the amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. GREEN of Iowa, a motion to reconsider the vote whereby the bill was passed was laid on the table.

EXTENSION OF REMARKS.

Mr. SEARS. Mr. Speaker, I ask unanimous consent to extend and revise my remarks made this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

SINKING FUND.

Mr. GREEN of Iowa. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 13827) relating to the sinking fund for bonds and notes of the United States.

The SPEAKER. The gentleman from Iowa moves that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 13827. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The gentleman from New York [Mr. HUSTED] will please take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 13827, with Mr. HUSTED in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 13827, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 13827) relating to the sinking fund for bonds and notes of the United States.

Be it enacted, etc., That subdivision (a) of section 6 of the Victory Liberty loan act is amended by inserting before the period at the end of the first sentence a comma and the following words: "and of bonds and notes thereafter issued, under any of such acts or under any of such acts as amended, for refunding purposes."

The CHAIRMAN. The Clerk will report the bill for amendment unless somebody desires to debate it.

Mr. GREEN of Iowa. Mr. Chairman, I ask that the Clerk read.

Mr. GARNER. Mr. Chairman, if the gentleman does not care to take time for debate, I will ask for recognition. I am trying to get the gentleman to understand that he ought at least to give us some information as to what we shall take up and what is the understanding as to the division of time in debate. The gentleman does not seem to appreciate that there are two sides to these questions. I thought the gentleman was going to take up the Hudspeth bill, because I know we do not have time to take up a matter of this importance this afternoon.

Mr. GREEN of Iowa. If the gentleman desires, I will move that the committee do now rise.

Mr. GARNER. The gentleman will remember, and the members of the committee will remember, that in reference to this sinking fund bill there was quite a controversy in the committee.

Mr. GREEN of Iowa. I am perfectly willing to move that the committee do now rise.

Mr. GARNER. I think the gentleman ought to, because he can not expect to dispose of that bill this afternoon.

Mr. GREEN of Iowa. Mr. Chairman, in view of the controversy, I move that the committee do now rise.

The CHAIRMAN. The gentleman from Iowa moves that the committee do now rise. The question is on agreeing to that motion.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. HUSTED, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 13827) relating to the sinking fund for bonds and notes of the United States, had come to no resolution thereon.

PERMITTING ENTRY OF DOMESTIC ANIMALS.

Mr. HAWLEY. Mr. Speaker, I call up House Joint Resolution 422, by direction of the Committee on Ways and Means, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Oregon calls up House Joint Resolution 422 and asks unanimous consent that it be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Joint resolution (H. J. Res. 422) permitting the entry free of duty of certain domestic animals which have crossed the boundary line into foreign countries.

Resolved, etc., That despite the provisions of the third paragraph of paragraph 1506 of Title II of the tariff act of 1922, horses, mules, asses, cattle, sheep, goats, and other domestic animals, which heretofore have strayed across the boundary line into any foreign country, or been driven across such boundary line by the owner for temporary pasturage purposes only, or which may so stray or be driven before March 1, 1923, shall, together with their offspring, be admitted free of duty, under regulations to be prescribed by the Secretary of the Treasury, if brought back to the United States within 12 months from the time they so strayed or were driven.

Mr. HAWLEY. Mr. Speaker, this joint resolution simply extends the time in the present emergency in the Southwest during which stock can be taken across the border into Mexico for pasturage purposes and brought back into the United States without the payment of duties. There has been a continued drought in the Southwest, extending over a period of months, and the cattle, sheep, horses, and other domestic animals are in serious need of food. They can obtain suitable pasturage in Mexico. The Mexicans require that leases be taken out for the period of 12 months. Even if rains come soon in that section and the grass begins to grow again, it should not be pastured for a time, that it may have time to obtain a vigorous growth. The Treasury Department recommends the passage of the bill and urges the emergency as a reason for it. The War Finance Corporation in a letter of January 25, 1923, states that not only the owners of the cattle and other stock are interested but that banks have loaned considerable money on this stock, which will be endangered if the animals are not provided with pasturage.

Mr. HUDSPETH. Will the gentleman yield to me just a moment?

Mr. HAWLEY. I yield to the gentleman five minutes.

Mr. HUDSPETH. Mr. Speaker and gentlemen of the House, this is an extremely important measure to the live-stock producer of the Southwest, especially to the cattle and sheep men of New Mexico and a portion of western Texas. I am especially lending my plea for those who have undergone a most disastrous drought in New Mexico. That splendid State has no spokesman on this floor at the present time. The mouth of Nestor Montoya, their faithful representative, was closed in death about three weeks ago. Owing to the range being denuded of grass, on account of this drought in New Mexico and a small portion of my district hundreds of cattlemen were forced to move their homes into Mexico, where sustenance could be obtained. They were compelled to execute a lease from the Mexican landowners for a period of 12 months. Under the bill that bears the name of my good friend from Michigan [Mr. FORDNEY], cattle and other live stock driven or straying across the line in a foreign country must be brought back within eight months or pay full duty.

Gentlemen, the cattlemen who have their herds in Mexico have met with too many reverses in the last three years to stand this duty. My bill, which you are now considering, provides for the return, duty free, of all live stock taken into Mexico in recent months—for 12 months from March 1, 1923. It is the duty of this House to pass this bill at once. When you do it you extend relief to as sturdy, as honest, and as patriotic a class of men as ever blessed this country with their presence and made it better by their having been a part of it.

I called on the Secretary of the Treasury, Mr. Mellon, and he readily indorsed it. I am attaching a letter as a part of my remarks from Hon. Eugene Meyer, chairman War Finance Corporation, to Mr. FORDNEY, strongly indorsing this measure, and the Ways and Means Committee has passed it and with a unanimous report.

The letter is as follows:

WAR FINANCE CORPORATION,
THE TREASURY BUILDING,
Washington, D. C., January 25, 1923.

Hon. J. W. FORDNEY,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR MR. FORDNEY: The attention of the directors of the War Finance Corporation has been called to House Joint Resolution 422, introduced by Mr. HUDSPETH, and I am writing to you at their request to express the hope that the resolution will receive favorable consideration.

The resolution proposes to amend the third paragraph of paragraph 1506 of the tariff act of 1922 by extending temporarily from 8 to 12 months the period within which domestic animals may be returned to the United States duty free from a foreign country to which they have been driven for temporary pasturage purposes. A serious drought developed during the summer and fall of 1922 in the southern portion of New Mexico, and the situation became so acute that there was grave danger, on account of the lack of feed and water, of the loss of a considerable number of cattle pledged to the War Finance Corporation as security for some of its loans. It became necessary in order to save the cattle to move them out of the drought-stricken area to adjoining States and to sections of Mexico, where adequate feed and water were available, and the board of directors of the War Finance Corporation consented to the removal of the cattle by the loan company through which the loans were made.

We are advised that if the best results are to be secured from such movement the cattle should remain in Mexico for more than the eight months' period within which they may under existing law be returned duty free, and it would be a serious hardship if the owners of the cattle were compelled to pay an import duty upon them. The directors of the War Finance Corporation understand that the Secretary of the Treasury has already expressed the opinion that the adoption of the joint resolution would be desirable, and they concur in this view.

Very truly yours,

EUGENE MEYER, Jr., *Managing Director.*

I shall not consume your time further, as I wish to get it to the other side, where I trust it will pass before March 4, the close of this session. [Applause.]

Mr. HAWLEY. I yield three minutes to the gentleman from Texas [Mr. BLANTON].

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry, if the gentleman will permit. When a bill which should have been considered in Committee of the Whole House on the state of the Union is being considered in the House in lieu thereof, does not the five-minute rule apply?

The SPEAKER. It does.

Mr. BLANTON. Mr. Speaker, the distinguished gentleman from West Virginia [Mr. GOODYKOONTZ], when he understands the facts of a case, is one of the fairest men in this House. If he ever gets wrong it is only because of a misapprehension of the facts. His whole remarks concerning the attitude of the American Legion commander were based upon a misapprehension of the facts. If it had not been for that, there would have been no stricture here at all. If he knew the present commander of the American Legion—Col. Alvin M. Owsley—as well as some of the rest of us know him, he would have no complaint to make, because the present commander of the American Legion is one of the finest and fairest men in the world and will see to it as long as he holds that position that no improper use is made of the American Legion affairs. I am one of those in the House who are admirers of the gentleman from West Virginia [Mr. GOODYKOONTZ], and I am also a great admirer of the gentleman from Texas [Mr. CONNALLY], with whom he had the stricture. If these two men just understood each other a little better there would have been no stricture. It is just a misunderstanding all around.

Now, so far as the names of the members of the American Legion are concerned, they are obtainable for proper purposes. It has no secret list. In the 64 newspapers that are published in my district I have noticed from time to time the names of the various members belonging to the different local posts in my district. They make no secret of them. If they made a secret of their membership, from my knowledge of the distinguished gentleman from West Virginia [Mr. GOODYKOONTZ], who is as fair a man now as he was when he was a distinguished jurist in his State—if they should make a secret of their membership, the gentleman from West Virginia would be the first man here in the House to object to it. They make no secret of it. If the list is obtainable by one man, it is accessible to all. I just wanted to say this because I think there has been a misunderstanding between two of our Members here, both splendid gentlemen.

Mr. GOODYKOONTZ. Will the gentleman yield?

Mr. BLANTON. If I have the time, I yield.

Mr. GOODYKOONTZ. I want to say to the distinguished gentleman from Texas that while I spoke extemporaneously and substituted a manuscript, I am satisfied that I said almost precisely what was in the manuscript, and whenever Members who are interested in the subject have read that speech they will discover that I have not made the slightest charge against Commander Owsley. I merely charged that this newspaper report sent out by the Universal Press and published broadcast in this country has never been denied. On yesterday I spoke in conversation with the commander from Pennsylvania, Col. Joe Thompson. I asked him about Commander Owsley, and he said that Commander Owsley is one of the finest men from the South. All I want to do is to protect this Legion that I have helped to create from its charter all the way down.

Mr. BLANTON. My colleague from Texas [Mr. CONNALLY] is a member of it himself. He was in the service. He wore the uniform. And the distinguished gentleman from West Virginia [Mr. GOODYKOONTZ] may rest assured of the fact that just as long as Col. Alvin M. Owsley is national commander of the American Legion he never need fear that there will be anything wrong about the transactions of that organization.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was accordingly read the third time, and passed.

On motion of Mr. HAWLEY, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

SENATE BILL REFERRED.

Under clause 2, Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 4404. An act authorizing the Secretary of War to transfer to trustees to be named by the Chamber of Commerce of Columbia, S. C., certain lands at Camp Jackson, S. C.; to the Committee on Military Affairs.

ORDER OF BUSINESS.

Mr. GREEN of Iowa. Mr. Speaker, I will ask the gentleman from Texas [Mr. GARNER] if we can not agree upon time with reference to the refunding bill? I was under a misapprehension, or the gentleman is surely aware that I would not have called it up.

Mr. GARNER. How much time does the gentleman suggest?

Mr. GREEN of Iowa. How much time would the gentleman from Texas like to have?

Mr. GARNER. I think we had better have an hour on a side on that proposition.

Mr. GREEN of Iowa. Very well, then, Mr. Speaker.

Mr. GARNER. Not exceeding an hour on a side.

Mr. GREEN of Iowa. I will ask unanimous consent that the general debate on H. R. 13827 be limited to not exceeding one hour on a side, one-half to be controlled by the gentleman from Texas [Mr. GARNER] and one-half by myself.

The SPEAKER. Does the gentleman move that the House resolve itself into the Committee of the Whole House on the state of the Union?

Mr. GREEN of Iowa. I think the gentleman from Texas wishes to have the House adjourn.

Mr. GARNER. Yes; I think that will be better.

The SPEAKER. The gentleman from Iowa asks unanimous consent that when the House resolves itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 13827, there be not to exceed two hours of general debate, half the time to be controlled by himself and half by the gentleman from Texas [Mr. GARNER]. Is there objection?

Mr. STAFFORD. Does "not exceeding" mean that a Member may use only one minute of the time if he so desires?

The SPEAKER. The Chair thinks so. Is there objection?

There was no objection.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted—

To Mr. FUNK, for three days, on account of illness.

To Mr. CLARKE of New York, for four days, on account of business in his beloved hills.

ADJOURNMENT.

Mr. GREEN of Iowa. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 35 minutes p. m.) the House adjourned until Friday, February 2, 1923, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

937. A letter from the president of the Washington Railway & Electric Co., transmitting a report of the Washington Interurban Railroad Co. for the year ended December 31, 1922; to the Committee on the District of Columbia.

938. A letter from the president of the Washington Railway & Electric Co., transmitting a report of the City & Suburban Railway of Washington for the year ended December 31, 1922; to the Committee on the District of Columbia.

939. A letter from the president of the Washington Railway & Electric Co., transmitting a report of the Georgetown & Tennallytown Railway Co. for the year ended December 31, 1922; to the Committee on the District of Columbia.

940. A letter from the president of the Potomac Electric Power Co., transmitting a report of the Potomac Electric Power Co. for the year ended December 31, 1922; to the Committee on the District of Columbia.

941. A letter from the president of the Washington Railway & Electric Co., transmitting a report of the Washington Railway & Electric Co. for the year ended December 31, 1922; to the Committee on the District of Columbia.

942. A letter from the vice president of the Washington Gas Light Co., transmitting a detailed statement of the business of the Washington Gas Light Co., with a list of its stockholders, for the year ended December 31, 1922; to the Committee on the District of Columbia.

943. A letter from the president of the Washington & Old Dominion Railway, transmitting a notice of the company's failure to transmit the annual report due to-day owing to the illness of the treasurer of the Washington & Old Dominion Railway; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. FOSTER: Committee on the Judiciary. H. R. 13430. A bill to amend section 370 of the Revised Statutes of the United States; without amendment (Rept. No. 1498). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREENE of Vermont: Committee on Military Affairs. H. R. 13326. A bill in reference to a national military park at Yorktown, Va.; with an amendment (Rept. No. 1499). Referred to the Committee of the Whole House on the state of the Union.

Mr. ZIHLMAN: Committee on the District of Columbia. S. 3345. An act changing the name of Keokuk Street, in the county of Washington, D. C., to Military Road; without amendment (Rept. No. 1501). Referred to the House Calendar.

Mr. ZIHLMAN: Committee on the District of Columbia. H. R. 14002. A bill to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes; without amendment (Rept. No. 1502). Referred to the Committee of the Whole House on the state of the Union.

Mr. ZIHLMAN: Committee on the District of Columbia. S. 2822. An act to regulate the practice of optometry in the District of Columbia; without amendment (Rept. No. 1503). Referred to the Committee of the Whole House on the state of the Union.

Mr. PORTER: Committee on Foreign Affairs. H. R. 14087. A bill for the creation of an American battle monuments commission to erect suitable memorials commemorating the services of the American soldier in Europe, and for other purposes; with amendments (Rept. No. 1504). Referred to the Committee of the Whole House on the state of the Union.

Mr. McKENZIE: Committee on Military Affairs. H. R. 13524. A bill to authorize the Secretary of War to sell or cause to be sold, either in whole or in two or more parts, certain tracts or parcels of real property no longer needed for military purposes, and for other purposes; with amendments (Rept. No. 1507). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of Idaho: Committee on Irrigation of Arid Lands. S. 4187. An act to extend the time for payment of charges due on reclamation projects, and for other purposes; with amendments (Rept. No. 1508). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. KLECZKA: Committee on War Claims. S. 1670. An act for the relief of Buffkin & Girvin; without amendment (Rept. No. 1505). Referred to the Committee of the Whole House.

Mr. KLECZKA: Committee on War Claims. S. 3609. An act for the relief of F. J. Belcher, jr., trustee for Edward Fletcher; without amendment (Rept. No. 1506). Referred to the Committee of the Whole House.

Mr. COLLINS: Committee on Public Lands. H. R. 13724. A bill for the relief of Hugh Marshall Montgomery; without amendment (Rept. No. 1509). Referred to the Committee of the Whole House.

Mr. EDMONDS: Committee on Claims. H. R. 6601. A bill for the relief of the Great Lakes Engineering Works; without amendment (Rept. No. 1510). Referred to the Committee of the Whole House.

ADVERSE REPORTS.

Under clause 2 of Rule XIII,

Mr. UNDERHILL: Committee on Claims. S. 3157. An act for the relief of John G. Sessions; adverse (Rept. No. 1511). Laid on the table.

Mr. UNDERHILL: Committee on Claims. H. R. 4667. A bill for the relief of the First National Bank of New Carlisle, Ind.; adverse (Rept. No. 1512). Laid on the table.

CHANGE OF REFERENCE.

Under clause 3 of Rule XXII, the bill (H. R. 11549) authorizing the conservation, production, and exploitation of helium gas, a mineral resource pertaining to the national defense, and to the development of commercial aeronautics, and for other purposes, was reported from the Committee on the Public Lands and referred to the Committee on Military Affairs.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. BOWERS: A bill (H. R. 14132) to authorize the purchase of the property known as the People's Bank Building, at Keyser, W. Va., for use as a Federal building; to the Committee on Public Buildings and Grounds.

By Mr. LINEBERGER: A bill (H. R. 14133) to amend paragraph (c) of section 2 of the act approved May 26, 1922, and known as the narcotic drugs import and export act, and for other purposes; to the Committee on Ways and Means.

Also, a bill (H. R. 14134) to amend section 7 of the act of February 9, 1909, as amended January 7, 1914, and for other purposes; to the Committee on Ways and Means.

By Mr. HERSEY: A bill (H. R. 14135) to amend an act approved September 8, 1916, providing for holding sessions of the United States district court in the district of Maine, and for other purposes; to the Committee on the Judiciary.

By Mr. McCORMICK: A bill (H. R. 14136) to define the national and official language of the Government and people of the United States of America, including the Territories and dependencies thereof; to the Committee on the Judiciary.

By Mr. HERRICK: A bill (H. R. 14137) for the purchase of a site and the erection of a public building at the city of Fairview, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 14138) for the erection of a public building at the city of Alva, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 14139) for the purchase of a site and the erection of a public building at the city of Beaver, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 14140) for the erection of a public building at the city of Newkirk, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 14141) for the purchase of a site and the erection of a public building at the city of Medford, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 14142) for the erection of a public building at the city of Perry, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 14143) for the purchase of a site and the erection of a public building at the city of Cherokee, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. CHRISTOPHERSON: A bill (H. R. 14144) to limit and fix the time within which suits may be brought or rights asserted in court arising out of the provisions of subdivision 3 of section 302 of the soldiers and sailors' civil relief act approved March 18, 1918, being chapter 20, volume 40, General Statutes of the United States; to the Committee on the Judiciary.

By Mr. CAMPBELL of Kansas: A bill (H. R. 14145) providing for the erection of a monument to Henry B. F. Macfarland in the District of Columbia; to the Committee on the Library.

By Mr. EDMONDS: Joint resolution (H. J. Res. 431) giving the Secretary of the Treasury authority to cancel portions of the debt owed by foreign nations to the United States upon payment for the same in certain Government bonds by holders in the United States; to the Committee on Ways and Means.

By Mr. HUDSPETH: Joint resolution (H. J. Res. 432) to amend section 2 of an act entitled "An act to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an act of Congress approved July 2, 1862, and of acts supplementary thereto, and the United States Department of Agriculture," approved May 8, 1914; to the Committee on Agriculture.

By Mr. ROGERS: Resolution (H. Res. 501) for the immediate consideration of H. R. 13880; to the Committee on Rules.

By Mr. STEENERSON: Resolution (H. Res. 502) directing the Secretary of Agriculture to transmit to the House of Representatives the reports and communications of John Lee Coulter and L. A. Fitz as to the operation of certain grain elevators; to the Committee on Agriculture.

By the SPEAKER (by request): Memorial of the Legislature of the State of Montana urging Congress to take immediate action toward the passage of such laws or law as will make possible the early completion of the Great Lakes-St. Lawrence waterway project; to the Committee on Interstate and Foreign Commerce.

By Mr. CARTER: Memorial of the Legislature of the State of Oklahoma requesting the Congress of the United States to grant aid to the Kansas City, Mexico & Orient Railroad; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of Oklahoma asking that Congress give its sympathetic consideration to a basic plan for a return to world sanity through a conference of World War powers under the leadership of the United States; to the Committee on Foreign Affairs.

By Mr. KISSEL: Memorial of the Legislature of the State of Oregon recommending that Congress submit a constitutional amendment which will prohibit the further issuance of tax-exempt securities; to the Committee on the Judiciary.

By the SPEAKER (by request): Memorial of the Legislature of the State of Oregon petitioning Congress to submit a constitutional amendment which will prohibit the further issuance of tax-exempt securities; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. APPLEBY: A bill (H. R. 14146) for the relief of the firm of Jones & Edwards; to the Committee on Claims.

By Mr. BENHAM: A bill (H. R. 14147) granting an increase of pension to Attison W. Johnson; to the Committee on Pensions.

By Mr. CARTER: A bill (H. R. 14148) granting an increase of pension to George A. Parnell; to the Committee on Invalid Pensions.

By Mr. CHALMERS: A bill (H. R. 14149) granting a pension to Agnes Bucher; to the Committee on Invalid Pensions.

By Mr. ELLIOTT: A bill (H. R. 14150) granting an increase of pension to Amanda J. Alford; to the Committee on Invalid Pensions.

By Mr. FAIRCHILD: A bill (H. R. 14151) for the relief of David Myerle, as executor of the last will and testament of Phineas Burgess, deceased; to the Committee on Claims.

Also, a bill (H. R. 14152) granting a pension to John Longworth; to the Committee on Invalid Pensions.

By Mr. GIFFORD: A bill (H. R. 14153) granting a pension to Jennie Darling; to the Committee on Invalid Pensions.

By Mr. LINEBERGER: A bill (H. R. 14154) to renew and extend certain letters patent; to the Committee on Patents.

Also, a bill (H. R. 14155) granting a pension to Rebecca V. Mogle; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 14156) granting a pension to John Halpine; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 14157) granting a pension to Lucy J. Popejoy; to the Committee on Invalid Pensions.

By Mr. TINCHER: A bill (H. R. 14158) granting an increase of pension to Margaret F. Freeman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14159) granting an increase of pension to Zula A. Springer; to the Committee on Invalid Pensions.

By Mr. VESTAL: A bill (H. R. 14160) granting a pension to Mary Catherine Brandyberry; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 14161) granting a pension to Martha E. Banks; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14162) granting an increase of pension to Marinda A. Cates; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7135. By the SPEAKER (by request): Petition of the Porto Rican workers residing in New York, approving House Joint Resolution 425, asking for an investigation of conditions in Porto Rico; to the Committee on Rules.

7136. By Mr. BARBOUR: Petition of residents of Shafter and Wasco, Calif., urging support of joint resolution providing for extension of aid to people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7137. By Mr. CHALMERS: Petition of sundry citizens of Toledo, Ohio, recommending passage of legislation extending immediate relief to the people of the German and Austrian Republics, now famine stricken owing to scant crops and money depreciation; to the Committee on Foreign Affairs.

7138. By Mr. CULLEN: Petition of Charles I. Craig, comptroller, city of New York, urging concurrence by the House of

Representatives in Senator CALDER'S amendment to House bill 11939 to amend the national banking act; to the Committee on Banking and Currency.

7139. Also, petition of department of taxes and assessments, city of New York, favoring the taxation of national-bank shares; to the Committee on Banking and Currency.

7140. Also, petition of John F. Hylan, mayor of the city of New York, favoring the enactment of the bill amending the national-bank act; to the Committee on Banking and Currency.

7141. Also, petition of George P. Nicholson, corporation counsel of the city of New York, approving a Senate bill amending section 5219 of the United States Revised Statutes as to taxing national-bank shares; to the Committee on Banking and Currency.

7142. By Mr. FAIRCHILD (by request): Petition of sundry citizens of Mount Vernon, N. Y., opposing the passage of the compulsory Sunday observance bills, S. 1948, H. R. 4388, and H. R. 9753; to the Committee on the District of Columbia.

7143. By Mr. HUDSPETH: Petition of Central Labor Union, of El Paso, Tex., demanding that the United States Congress pass a law suspending immigration for a period of five years; to the Committee on Immigration and Naturalization.

7144. Also, petition of citizens of the sixteenth congressional district of Texas, favoring legislation extending aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7145. By Mr. KETCHAM: Petition of 21 citizens of Allegan, Mich., favoring the purchase of food supplies for starving people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7146. By Mr. KISSEL: Petition of the Sacramento Bee, Sacramento, Calif., favoring House bill 12169, excluding hereafter as immigrants or permanent residents all aliens ineligible to citizenship; to the Committee on Immigration and Naturalization.

7147. By Mr. PARKER of New York: Petition of Rev. Irving Rouillard, Saratoga Springs, N. Y., favoring the establishment of an embargo on coal; to the Committee on Interstate and Foreign Commerce.

7148. Also, petition of John H. Walbridge, publisher of the Daily Saratogian, Saratoga Springs, N. Y., urging the seizure of coal near that city in order to relieve the coal situation; to the Committee on Interstate and Foreign Commerce.

7149. By Mr. SPROUL: Petition of 867 residents of the third congressional district of Illinois, urging the passage of the resolution introduced in the House proposing to extend aid to the people of Austria and Germany; to the Committee on Foreign Affairs.

7150. By Mr. YOUNG: Petition of 24 residents of Ashley, N. Dak., urging that joint resolution now pending in Congress to extend immediate aid to the people of the German and Austrian Republics be passed; to the Committee on Foreign Affairs.

7151. Also, petition of 52 residents of Emmons County, urging the passage of joint resolution now pending in Congress to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7152. Also, petition of G. J. Gramm and others, of Chaseley, N. Dak., urging the passage of joint resolution now pending in Congress to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7153. Also, petition of a large number of residents of McIntosh County, urging the passage of joint resolution now pending in Congress to extend immediate relief to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

SENATE.

FRIDAY, *February 2, 1923.*

(Legislative day of Monday, January 29, 1923.)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the folowing Senators answered to their names:

Ball	Curtis	Hale	Kendrick
Bayard	Dillingham	Harreld	Keyes
Brookhart	Ernst	Harris	King
Bursum	Fernald	Harrison	Ladd
Cameron	Fletcher	Heflin	La Follette
Capper	Frelinghuysen	Hitchcock	Lenroot
Caraway	George	Johnson	Lodge
Couzens	Glass	Jones, Wash.	McCormick
Culberson	Gooding	Kellogg	McCumber
McKellar	Norris	Robinson	Underwood
McKinley	Oddie	Shortridge	Wadsworth
McLean	Page	Smith	Walsh, Mass.
McNary	Pepper	Smoot	Walsh, Mont.
Moses	Phipps	Spencer	Warren
Nelson	Pittman	Sterling	Watson
New	Poindexter	Swanson	Weller
Nicholson	Pomerene	Townsend	Willis
Norbeck	Reed, Pa.	Trammell	

The VICE PRESIDENT. Seventy-one Senators have answered to their names. A quorum is present.

QUESTION OF ORDER.

Mr. ROBINSON. Mr. President——

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. ROBINSON. I rise for the purpose of discussing the appeal from the decision of the Chair.

The VICE PRESIDENT. The Chair understands that the Senator from Massachusetts [Mr. LODGE] made a motion to lay the appeal on the table.

Mr. ROBINSON. Mr. President, a point of order. The Senator from Massachusetts has not made a motion. He announced yesterday that he intended to do so.

Mr. LODGE. I made a motion to lay the appeal on the table, and called the attention of the Chair to it.

Mr. ROBINSON. The RECORD shows just as I stated. [After a pause.] Yes; the RECORD does show that the Senator said, "I make the motion."

Mr. LODGE. I move to lay the appeal on the table, and so notified the Chair.

Mr. ROBINSON. I ask the Chair to state the parliamentary question. If a motion to lay on the table has been made, of course, debate is not in order. The Senate, however, ought to understand the question before the Senate. Few Senators were here yesterday afternoon.

Mr. MOSES. They can readily get it by reading the RECORD.

The VICE PRESIDENT. Debate is not in order. The Chair will state the motion. The RECORD reads:

Mr. LODGE. I was just going to move to lay the appeal on the table.
Mr. ROBINSON. I suggest, then, the absence of a quorum, if the Senator wants to do that.
Mr. LODGE. I make that motion.

The question is on the motion of the Senator from Massachusetts to lay on the table the appeal made by the Senator from Arkansas from the decision of the Chair.

Mr. ROBINSON. I make the point of order that the motion of the Senator from Massachusetts was not in order at the time he made it. The Senator from Arkansas had suggested the absence of a quorum, and the Senator from Massachusetts announced that he was just about to make the motion. The Senate then proceeded with a call of the Senate, which was subsequently vacated. A motion to lay on the table is not in order after the absence of a quorum has been suggested. All I want in this proposition is fairness and justice. I want the Senate to understand what it is voting upon. I do not understand that the Senator from Massachusetts, the leader of the majority, objects to the Senate understanding the question that is before it.

Mr. LODGE. I made the motion, and I do not think we ought to take the whole day, with the unanimous-consent agreement governing us, to discuss the question.

Mr. ROBINSON. The point of no quorum had been made prior to the making of the motion, and the Secretary proceeded to call the roll.

Mr. LODGE. The Senator knows that by unanimous consent all those proceedings were vacated——

Mr. ROBINSON. That is true.

Mr. LODGE. Which left it where I made it.

Mr. ROBINSON. Oh, no; that vacated the motion. The whole proceedings were vacated.

Mr. MOSES. The Vice President had not directed the Secretary to call the roll.

Mr. ROBINSON. Oh, the roll call proceeded. The Vice President——

Mr. MOSES. The RECORD does not show it.

Mr. ROBINSON. The Vice President directed the Secretary to call the roll, and the calling of the roll was proceeded with, and by request of the Senator from Kansas [Mr. CURTIS], concurred in by myself, the whole proceedings were vacated. At the time the Senator from Massachusetts sought to make the motion to lay on the table, the absence of a quorum had been suggested. Of course, the Senator could have made his motion this morning if he had gotten the floor first, but he did not take the floor. I took the floor solely for the purpose of explaining to the Senate the question that is before it. I would have concluded my explanation long before this moment if it had not been interfered with. I ask unanimous consent to proceed for five minutes.